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FBIS-SOV-91-127 | CONTENTS | 02 July 1991

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ARMS CONTROL & DISARMAMENT

CFE Compliance Move Not 'Concession' *[MOSCOW NEWS No. 23]* 1
Gorbachev Sends Message to IPPNW Congress *[PRAVDA 28 Jun]* 1
Mitterrand Plan for Disarmament Assessed *[PRAVDA 28 Jun]* 1

COMMUNIST RELATIONS

Final Warsaw Pact Committee Meeting in Prague 4
  Delegation Heads Listed *[TASS]* 4
  Pact Assessed *[PRAVDA 2 Jul]* 4
  Dissolution Protocol Signed *[TASS]* 5
  Communique Promotes CSCE *[TASS]* 5
  Yanayev at News Conference *[TASS]* 5
Final Session of CEMA Held in Budapest 6
  Preview of Session *[INTERFAX]* 6
  Organization Disbands *[Moscow TV]* 6

WORLDWIDE ISSUES

Spokesman on 'Untimely' U.S. Aid to El Salvador *[TASS]* 7
Foreign Ministry Statement on Ethiopia *[TASS]* 7
Treaty Demands on Former Pact Nations Examined *[MOSCOW NEWS No. 23]* 7
International Meeting on Molotov-Ribbentrop Pact *[INTERFAX]* 8
Gorbachev Greets Socialist International *[PRAVDA 25 Jun]* 8
Gorbachev Message to Neurosurgeons' Congress *[PRAVDA 24 Jun]* 9

INTERNATIONAL AFFAIRS

Northeast Asia

Bessmertnykh Confers With Mongolian Counterpart *[TASS]* 10
Japanese Diplomat on Gorbachev-Kaifu Talks *[INTERFAX]* 10
USSR-South Korean Air links Increased *[TASS]* 10
Air Links With South Korea To Be Stepped Up *[PRAVDA 26 Jun]* 10
Historian Details Korean Liberation, War *[KOMSOMOLSKAYA PRAVDA 25 Jun]* 11

Latin America & Caribbean

Cuba's Aldana Continues Moscow Visit 13
  Meets Gorbachev, Bessmertnykh *[INTERFAX]* 13
  More on Talks With Bessmertnykh *[IZVESTIYA 28 Jun]* 13
View of Progress, Future of Mexican Reforms *[SOVETSKAYA ROSSIYA 26 Jun]* 13
Accord With Chile on Trade, Economy *[TASS]* 16

NATIONAL AFFAIRS

Supreme Soviet

Privatization Law Adopted *[TASS]* 17
PRAVDA Reviews 'Week in Parliament' *[1 Jul]* 17
Supreme Soviet Defends Former Bloc Leaders *[TASS]* 18

Political & Social

- PRAVDA Views Provisions of Union Treaty *[29 Jun]* 18
- Reactions to Draft Union Treaty Viewed *[IZVESTIYA 29 Jun]* 19
- Draft Program Designed To 'Unite' Communists *[Moscow TV]* 21
  - To Be Examined at Plenum *[Moscow TV]* 21
  - Ivashko on Program *[TASS]* 21
- Communist Initiative Congress Proceedings *[Moscow TV]* 22
  - PRAVDA Views Congress *[1 Jul]* 22
- Control Group Against Party Fundamentals Review *[TASS]* 23
- AFP Reports Reformers' Plan for New Party 23
  - Shevardnadze on Movement *[Moscow TV]* 23
  - Appeal Issued *[TASS]* 24
- Shevardnadze Declines To Appear Before Commission *[INTERFAX]* 24
- Former KGB Officers On Need For Reform *[Moscow Russian TV]* 24
- Organized Crime Said Used To Sabotage Reforms *[Frankfurt/Main FRANKFURTER RUNDSCHAU 1 Jul]* 28
- Internal Affairs Employee Organization Formed *[PRAVDA 28 Jun]* 29
- Media Censorship Administration Closes 1 Jul *[Moscow Radio]* 29
- Laptev Stance on Changes at IZVESTIYA *[KOMSOMOLSKAYA PRAVDA 27 Jun]* 29
- GLASNOST Chief Editor Izyumov Interviewed *[PRAVDA 27 Jun]* 29
- Ministry Opposes Sakhalin Government's Gas Plans *[Moscow International]* 30
- Union Fund for Combating Unemployment Set Up *[TASS]* 31
- Popov Reforms Aimed at Shift to Market Economy *[Moscow International]* 31
- Interrepublic Economic Commission Meets *[PRAVDA 29]* 31
- Bonner on Establishment of New Democratic Party *[INTERFAX]* 32
- Principles of Civil Legislation Viewed *[IZVESTIYA 27 Jun]* 32
- Security at Sheremetyevo-II To Be Tightened *[PRAVDA 28 Jun]* 33
- Ivashko, Frolov Speak at Moscow News Conference *[INTERFAX]* 33
- TASS Reviews 2 July Press 33

Economic

- Pavlov Addresses Economic Development Conference *[Moscow Radio]* 34
- Yakovlev Comments on Proposed Partnership Program *[MOSCOW NEWS No. 23]* 35
  - Yavlinskiy: Cooperation Essential *[MOSCOW NEWS No. 23]* 36
  - Zaslavskaya 'Sufficiently Wary' *[MOSCOW NEWS No. 23]* 36
  - Sitaryan Sets Conditions *[MOSCOW NEWS No. 23]* 37
  - Sobchak Says Plan 'Realistic' *[MOSCOW NEWS No. 23]* 37
  - Shmelev: 'Idea Almost Perfect' *[MOSCOW NEWS No. 23]* 37
- RSFSR Premier Silayev on Economic Program *[IZVESTIYA 1 Jul]* 38
- Defense Plants Join New Commodity Exchanges *[Moscow International]* 40
- Nuclear Station's 'Stolen' Scrap Copper Sold *[Moscow TV]* 40
- Gosbank Issuing New One Ruble Note 27 Jun *[PRAVDA 25 Jun]* 41
- Decree on Currency Resources for Agro-Industry *[IZVESTIYA 29 Jun]* 41
- Regulations on Currency Operations Issued *[EKONOMIKA I ZHIZN No 22]* 41
- USSR Draft Law on Enterprise Privatization *[IZVESTIYA 27 Jun]* 49

Agricultural

- Stroyev To Address Agricultural Reform Meeting *[PRAVDA 26 Jun]* 55
- Terms for Military Shipment of Food Changed *[PRAVDA 28 Jun]* 55
- Environment Must Not Be Sacrificed for Diamonds *[IZVESTIYA 24 Jun]* 55
- Agricultural Developments in Ukraine Reported *[Moscow Radio]* 56

Scientific

- 'Resource-F' Satellite Launched 28 Jun *[TASS]* 56
- Proton Rocket Launch Postponed Until 2 Jul *[Moscow TV]* 56
- Mir Cosmonauts Replace Antenna on EVA *[Moscow TV]* 57
- Alternative to Next Mir Orbital Station Proposed *[Moscow International]* 57

Reporters Tour 'Secret' Chelyabinsk-70 City *[KOMSOMOLSKAYA PRAVDA 26 Jun]* 57
Geologists Discover Diamonds in Arkhangelsk *[Moscow TV]* 60

Military

Pacific Exercises in Sea of Japan 14-16 Aug *[Moscow Radio]* 61
Deputies Attack Military Abuse of Privilege *[NOVOYE VREMYA no. 24]* 61
Curtailment of Predraft Training Protested *[KRASNAYA ZVEZDA 19 Jun]* 62
TV Reports on Graduation Ceremony *[Moscow TV]* 64

REGIONAL AFFAIRS

Baltic Republics

Kvitsinskiy, U.S. Envoy Discuss Vilnius Events *[TASS]* 65
Black Beret Commanders Recalled From Vilnius *[Radio Vilnius]* 65
MVD Official Criticizes OMON 'Infantilism' *[IZVESTIYA 2 Jul]* 65
Economist Views Agricultural Crisis in Estonia *[TASS]* 66
    Food Prices Prompt Emergency Measures *[BALTFAX]* 66
    Farm Product Prices To Be Freed *[BALTFAX]* 67
    Free Market Prices Criticized *[TASS]* 67
    Stabilization Expected in Three Months *[BALTFAX]* 67
Gorbunovs on Baltic Council Protest Over OMON *[Riga Radio]* 68
Latvian Prime Minister Meets Opposition Members *[Riga Radio]* 68
Latvian Deputies Sum Up Supreme Council Session *[Riga Radio]* 68
Latvia's Privatization Law Takes Effect 1 Jul *[BALTFAX]* 69
Lithuania's Bickausas Comments on OMON Actions *[Radio Vilnius]* 69
Lithuanian Premier Announces Food Price Rises *[BALTFAX]* 70
Lithuanian Ministry Prepares Blueprint Treaty *[BALTFAX]* 70
Lithuania Denies Army Draft Failing *[KRASNAYA ZVEZDA 27 Jun]* 70
Future Forum Criticizes Lithuanian Policies *[Vilnius International]* 71

RSFSR

Gavriil Popov Discusses Moscow's Future *[MOSKOVSKIYE NOVOSTI No. 23]* 71
    Urges United Democratic Party *[INTERFAX]* 73
    Addresses Yeltsin Victory Meeting *[Radio Rossii]* 73
Shakhray Comments on Union Treaty *[Moscow Russian TV]* 73
Foreign Economic Activity Discussed *[ROSSIYSKAYA GAZETA 27 Jun]* 76
Social Democrats Reject New All-Union Party *[INTERFAX]* 78
Russian Republican Party Ends Second Congress *[TASS]* 78
    News Conference Held *[TASS]* 78
Moscow Executive Power Launches Economic Program *[IZVESTIYA 26 Jun]* 79
Russian Residents Express Unemployment Fear *[Moscow Russian TV]* 79

Western Republics

Ukraine Adopts Economic Stability Measures *[TASS]* 80
Ukrainian Foes of Treaty Try To Delay Debate *[PRAVDA 26 Jun]* 80
Ukrainian Sovereignty Issues Viewed *[IZVESTIYA 28 Jun]* 80
Ukraine's Kravchuk Favors Decentralized Union *[TRUD]* 82

Caucasus

Azerbaijan Supreme Soviet Appeal to End Violence *[Baku Radio]* 86
Azerbaijan Supreme Soviet Decision on Incident *[Baku Radio]* 86
Officials See Faults on All Sides in NKAO *[PRAVDA 26 Jun]* 86

Central Asia

Kazakh President Comments on Privatization *[Moscow TV]* 89
Kazakhstan's Nazarbayev on Union Treaty Issues *[IZVESTIYA 26 Jun]* 89
Kyrgystan's Akayev Cited on Union Treaty *[IZVESTIYA 28 Jun]* 90
Interview With Kyrgyz President on Policies *[Moscow TV]* 90
Kyrgyz Soviet Approves Draft Union Treaty *[TASS]* 91
Kyrgyz Soviet Passes Economic Laws *[Bishkek Radio]* 91
Tajik President on Draft Union Treaty Debate *[Moscow TV]* 91

CFE Compliance Move Not 'Concession'

PM2806155891 Moscow MOSCOW NEWS in English No. 23, 9-16 Jun 91 p 13

[Dmitriy Yakushkin article: "Last-Minute Soviet Concession?"]

[Text] MN [Moscow News] has been watching the dispute between Moscow and the West over the treaty to cut conventional weapons for several months now. The meeting in Lisbon between Aleksandr Bessmertnykh and James Baker has finally put an end to the debate.

Claims against the USSR as regards the Paris agreements stalled the talks on strategic offensive weapons and have held back the summit. Thus a favourable chance was lost to open talks on operational nuclear weapons in Europe. The talks were planned to take place after the Paris meeting and on the crest of the wave of the postive expectations generated by the Paris talks. There were signs that NATO took a tougher stratgey. The discussion of military questions in Vienna made no progress despite the expectation that the talks would quickly move over to problems pertaining to the Paris agreement. Finally, the debate sapped faith not so much in the nature of Soviet intentions (they remain infinitely noble) but in the hope that obligations the Soviet Union assumed would be honoured without reservation and that the people who assumed them would have enough power to keep the political situation in the country under control.

The debate gave rise to widely circulated allegations that the Soviet Union had made some concessions to get the deadlocked talks moving. This gives the impression that the Soviet side is weak and susceptible to pressure. The allegation and the impressions are wrong. If Moscow made any concession, it consisted in reverting to the original wording of the treaty agreed upon by the countries that signed it, including the USSR. All references to pressure are irrelevant. Right after the violations were discovered, the West took a tough stance but quite in line with the treaty: if there is a treaty its terms should be honoured.

Gorbachev Sends Message to IPPNW Congress

PM2806154391 Moscow PRAVDA in Russian 28 Jun 91 Second Edition p 1

[President Gorbachev message "To the 10th Congress of 'International Physicians for the Prevention of Nuclear War'"; date not given]

[Text] Greetings to the representatives of one of the most influential and authoritative public movements of modern times.

You have played an outstanding part in making the world community aware of the deadly nature of nuclear weapons. The Soviet Union has shared your movement's ideas from the outset. We highly value its contribution to the shaping of the new, humanitarian thinking.

In recent years the threat of nuclear war has significantly receded as a result of the efforts of politicians, scientists, and public figures. Entire classes of nuclear weapons have been destroyed. We are hoping to see the conclusion in the very near future of a treaty between the USSR and the United States on a 50-percent reduction of strategic offensive armaments.

The Soviet Union will continue to work hard to achieve an accord on a total and general ban on nuclear tests.

I wish your congress fruitful work for the sake of people's lives and health. I am counting on our future cooperation in moving toward the great goal—a nuclear-free world.

[Signed] USSR President M. Gorbachev.

Mitterrand Plan for Disarmament Assessed

PM0107153791 Moscow PRAVDA in Russian 28 Jun 91 Second Edition p 5

[PRAVDA correspondent V. Bolshakov report: "The Mitterrand Plan. France and the Problem of Disarmament"]

[Text] Paris, June—President F. Mitterrand's "peace plan" was announced at a joint news conference given by the French president and FRG Chancellor Kohl following their meeting in Lille. But the plan itself was made public a few days later. The Elysee Palace decided to time the publication of the presidential peace initiative with the next, 37th, session of the WEU Assembly.

The "Mitterrand Plan" considers the problem of arms reduction and disarmament in three aspects—specific [vidovoy], regional, and global.

France advocates the elimination of chemical weapons and in this connection urges all states to subscribe to the 1989 Paris Convention. It advocated banning production of bacteriological weapons, as envisaged by the 1972 treaty, and proposed holding a conference to monitor fulfillment of this treaty. The president's plan aims to reduce nuclear weapons arsenals to the lowest possible level ensuring deterrence. But, while backing Moscow's and Washington's nuclear disarmament efforts, Paris has once again reiterated that it will only be able to subscribe to this process when the USSR, the United States, and the other nuclear powers reduce their nuclear arsenals to a level comparable to the French.

I must point out that France has pledged to sign and ratify the Nuclear Nonproliferation Treaty, whose provisions it has observed without being a party to it. It has urged all other states to follow its example. This plan envisages strict verification in order to prevent the use of missile hardware for aggressive purposes. At the same time France advocated international cooperation in the peaceful conquest and study of space. All interested states have also been instructed to formulate a "code of conduct" in space.

In the conventional weapons sphere the Paris plan envisages establishing a balance of forces in terms of regions, with every state's right to security being observed, plus strict controls over arms exports. To this end France proposes a conference involving the five great powers in order to formulate arms trade regulations and set up an international arms trade register under the auspices of the UN secretary general.

In a regional context France draws the attention of all peoples and governments to the experience of Europe, which, it stresses, has moved away from "cold war" to peaceful coexistence and cooperation within the CSCE framework.

The United Nations and its Security Council are assigned the global role of coordinating and at the same time exercising vigilant control over the arms reduction and disarmament process.

Commenting on this plan, even the French press noted that it is above all of a political nature and reflects the French approach to security and disarmament under the new conditions—after the "Iron Curtain" has come down and the Gulf war has ended, as a result of which the strategic landscape has changed totally.

Domestic French reaction to the "Mitterrand Plan" was by and large favorable right across the political spectrum. France's accession to the Nuclear Nonproliferation Treaty was welcomed to an equal degree by a French Communist Party Central Committee Plenum (4-5 June this year) and by J. Chirac, a right-wing opposition leader and former prime minister. Admittedly, there was the sole difference that both the Communists and the other supporters of peace stressed that it is necessary to go further and, in particular, impose a ban on French nuclear testing. While right-wingers demanded advances in improving the French nuclear arsenal and under no circumstances cutting back appropriations for these purposes. There are no great differences between right-wingers and Socialists on this point, incidentally. By and large the French president's plan met with a fairly restrained response in the West, while the United States greeted it with considerable irritation. This is not only due to the existence of the well-known "Bush plan." The French plan does not in principle run counter to the latter as regards the Near and Middle East. But differences—evidently, serious differences—are emerging as regards regional security, above all in Europe.

As is well known, France left the NATO military organization under De Gaulle although it is still a member of the Atlantic alliance to this day. De Gaulle was afraid that Washington would be able to involve France in a nuclear conflict against its will and without even informing it about this in advance. He had grounds for misgivings of this kind. And these have not disappeared for any of his presidential successors, F. Mitterrand included. Suffice it to recall the lengthy debates within the NATO leadership about a "preemptive nuclear strike," Washington's reluctance to renounce the "right" to strike first, the whole saga of siting Pershing-2's in Western Europe, the raid on Libya, etc.

Under Mitterrand France has reacted keenly to the changes in Eastern Europe, above all in the USSR, the establishment of military cooperation within the framework of the Helsinki process, the burial of the "cold war," and the elimination of the Warsaw Pact. Paris has set about seeking ways of creating a fundamentally new system of collective European security in which France could play a more active and undoubtedly autonomous role. This system did not preclude but even presupposed partnership with the United States. But only partnership, not NATO-style automatic Atlantic subordination to Washington.

Hence the idea of creating a system of "European security" of which British-French nuclear forces would be the backbone. The idea of setting up a joint French-West German military brigade sprang from the same root. Most recently there has been the creation of a committee of chiefs of staff of WEU countries' armed forces to coordinate the allies' actions during the crisis in the Persian Gulf, where the WEU countries sent 75 percent of all the warships stationed there during the blockade. Lastly, 11 April this year F. Mitterrand directly proposed creating a defensive organization, leadership of which would be effected within the WEU framework.

Everything—and French Foreign Minister R. Dumas confirmed this in particular when addressing the Paris session of the WEU Assembly—indicates that in the Elysee Palace's plans this union has been given the role of NATO's successor in a future European confederation, the creation of which was first proposed by F. Mitterrand last year. The WEU's increasingly close contacts with Poland, Czechoslovakia, and Hungary and the emergent points of contact with Bulgaria and Romania confirm that people in France, whose influence within the WEU has increased extraordinarily of late, do not rule out but rather presuppose granting all these former Warsaw Pact members the status of full-fledged members of the WEU. They are making virtually no secret of this now.

France has pinned considerable hopes on the prospect of creating some kind of European armed forces that would in one form or another come under WEU jurisdiction. For instance, the idea was voiced of setting up solely European military transport aviation to perform operations similar to those undertaken during the Gulf crisis. Other ideas have also been floated. This has seriously worried Atlanticists, above all in Washington. They have acted to counter the plans.

Within the framework of the radical reorganization of armed forces a decision was adopted 29 May in Brussels to set up European rapid-response forces. F. Mitterrand said in Lille 30 May that France has no intention of participating. It is becoming known that the new NATO rapid-response forces will consist mainly of British troops and that they will be commanded by a British general. That comes as a fresh blow to France.

The Elysee Palace is indicating to journalists and diplomats that the president was simply infuriated by NATO's decision on the rapid-response forces. And not only by that decision. The U.S. desire to politicize the North Atlantic alliance and impart to the NATO Council the functions that the Council of Europe performs has threatened to deprive Paris of its traditional leading role in European affairs. The least of Mitterrand's expectations was that even H. Kohl would tag along with the Americans.

France objectively found itself isolated. The "Mitterrand Plan" has enabled it to partially retrieve the initiative. Apart from global recommendations it has given Paris an opportunity to present its concept for pan-European security—a concept which, in Paris' view, is more conducive to regional cooperation within the framework of the Helsinki process without any transatlantic diktat.

The next battle over this issue unfolded at the NATO foreign ministers' meeting in Copenhagen, where they discussed new NATO strategy. France partially took revenge for Brussels, but it was unable to extricate NATO from Washington's diktat this time either.

The saga of the president's plan is extremely instructive. Since it shows how complex any processes of change are on our continent freed from the ice floes of the "cold war."

Final Warsaw Pact Committee Meeting in Prague

Delegation Heads Listed

LD0107084191 Moscow TASS in English 0801 GMT 1 Jul 91

[By TASS correspondent Boris Bazhanov]

[Text] Prague July 1 TASS—The Warsaw Treaty Political Consultative Committee will meet today to sign a protocol canceling the treaty on friendship, cooperation and mutual assistance, dated May 14, 1955.

Participants are expected to adopt a joint communique explaining the reasons for the disbandment of the Warsaw Treaty and outlining proposals for further mutual interaction, including on a multilateral basis.

Delegations from Warsaw Treaty member-countries are already in the Czechoslovak capital.

President Vaclav Havel of Czechoslovakia met and greeted delegations from the Soviet Union, led by vice-president Gennadiy Yanayev, Bulgaria, headed by President Zhelyu Zhelev, Romania, headed by President Ion Iliescu, and Hungary, led by Prime Minister Jozsef Antall.

The Polish delegation, led by President Lech Walesa, is expected to arrive today, the CTK new agency reports.

The Warsaw Treaty has united East and Central European countries for 46 years. Albania, which was a treaty founding member, left the organisation in 1968. East Germany suspended its membership in connection with German unification.

Six states remain Warsaw treaty members—Bulgaria, Hungary, Poland, Romania, the Soviet Union and Czechoslovakia. The bloc's military structures were disbanded after the signing of the Budapest protocol in February.

After a protocol on the disbandment of the Warsaw Treaty is signed, member-countries' parliaments will have to ratify it, legally dissolving the Warsaw Treaty.

Pact Assessed

PM0207082191 Moscow PRAVDA in Russian 2 Jul 91 Second Edition p 5

[A. Krushinskiy report: "And So, for the Last Time. Protocol on Dissolution of Warsaw Pact Signed"]

[Text] Prague, 1 Jul—Prague, Cernin Palace, 1 July 1991: These coordinates of time and place will go down in history. After all, this event is of extraordinary significance even against the background of current, unusually stormy international life—this conference of the Warsaw Pact Political Consultative Committee is the last in the history of this military-political alliance.

The delegations started arriving here in the morning. The Bulgarian, Polish, Romanian, and Czechoslovak delegations were headed by these countries' presidents, while the Soviet delegation was headed by USSR Vice President G.I. Yanayev, and the Hungarian delegation by the prime minister. AT 0930 Prague time journalists and television cameramen were asked to leave the hall—the closed session was beginning. However, the essence and content of the speeches by the leading politicians of the six countries was no secret to anyone. It was known in advance that a protocol was to be adopted on annulling the Treaty on Friendship, Cooperation, and Mutual Assistance concluded 14 March 1955 in Warsaw. Eight countries established the Warsaw Pact, but six are ending its activity. This is because Albania left the Warsaw Pact in 1968 and the GDR left in 1990 in connection with the unification of Germany. And now the process of winding up the Warsaw Pact is drawing to a close. It started in June of last year at the conference of the Political Consultative Committee in Moscow, continued in February of this year in Budapest with a decision to abolish the Warsaw Pact military organs, and is expected to be concluded at the end of this year—after the decision of the Prague conference of the Political Consultative Committee is ratified by the parliaments of all the member countries.

Various opinions and comments are being expressed in connection with the dissolution of the Warsaw Pact. Thus the newspaper MLADA FRONTA DNES accuses the Warsaw Pact of being an instrument "maintaining Soviet supremacy in Eastern Europe, always serving aggressive rather than defensive aims."

During the whole history of its existence, the Warsaw Pact played the role of a powerful factor of stability and peace in Europe. The numerous peace initiatives of its member states were geared to that very idea. Our military-political alliance only took retaliatory steps in order to neutralize the activity of NATO. But thanks to the cardinal changes in the world arena and the realization of the principles of the new political thinking as a constituent element in Soviet perestroyka, the West is now following the example of the East. Unfortunately not in everything, but to quite an extent.

The withdrawal of Soviet forces from the Central European countries and the winding down of the Warsaw Pact—this is a real contribution to the construction of a common European home. Incidentally, certain CSFR mass media (and indeed those of other Warsaw Pact member states) are completely unjust in stating that the Warsaw Pact is being abolished "under pressure from Czechoslovakia, Poland, and Hungary." The Soviet Union for its part has long made it clear that it is not interested in preserving this organization.

However, many people here believe that putting an end to the operation of the Warsaw Pact does not mean "a severance" between the member states at all. On the contrary, having liberated themselves from previous forms inherent in bloc approaches, they can now move onto a new level in their mutual relations and organically join the common European process.

At 1200 Prague time the speeches of the participants in the conference came to an end, and the document signing ceremony began. The following countersigned it: Zh. Zhelev, J. Antall, L. Walesa, I. Iliescu, G. Yanayev, and V. Havel. A communique elucidating the reasons for the dissolution of the Warsaw Pact was also adopted.

Dissolution Protocol Signed

LD0107150391 Moscow TASS in English 1438 GMT 1 Jul 91

[By TASS correspondent Anatoliy Shapovalov]

[Text] Prague July 1 TASS—Heads of the Bulgarian, Hungarian, Polish, Romanian, Soviet and Czechoslovak delegations to a session of the Warsaw Pact Political Consultative Committee today signed a protocol terminating the treaty of friendship, cooperation and mutual assistance signed on May 14, 1955.

The Warsaw Pact member countries agreed that the treaty of friendship, cooperation and mutual assistance loses force on the day the protocol goes into effect.

The signatories declared that they have no material claims on one another.

The protocol is to be ratified and will enter into force when the last instrument of ratification is deposited. The original protocol and the instruments of ratification will be kept in Czechoslovakia. The Czechoslovak Government will inform the signatory countries about each ratification paper deposited.

(?At) the conclusion of the session, delegates adopted a final communique stating that qualitatively new relations of good- neighbourliness, friendship, mutual respect and friendly cooperation between equal and sovereign states match the current situation in Europe.

Participants in the session favoured developing the all-European process in the interest of establishing new structures of security and cooperation on the continent, in line with the accords reached at the CSCE conference last November.

Delegates unanimously agreed that stability, well-being and the further development of democracy based on respect for human rights and basic freedoms in Central and East European countries meet the interests of all CSCE countries.

Communique Promotes CSCE

LD0107175891 Moscow TASS in English 1704 GMT 1 Jul 91

[Text] Prague July 1 TASS—Qualitatively new relations of goodneighbourliness, partnership, mutual respect and friendly cooperation between equal, sovereign states represented at the meeting of the Political Consultative Committee (PCC) of the Warsaw Treaty member-states accord with the present-day situation in Europe, says a communique adopted here today at the PCC meeting which is being attended by delegations from Bulgaria, Hungary, Poland, Romania, the Soviet Union and Czechoslovakia.

Participants in the PCC meeting, the communique says, favour the development of contacts in all spheres on a renewed bilateral legal- treaty basis.

They declared for the promotion of the Conference on Security and Cooperation in Europe (CSCE) process in the interests of establishing new structures of security and cooperation on the continent in line with the accords reached at the CSCE summit in November 1990 and for the formation of an all-European framework for cooperation in the fields of security, economics, law, culture, ecology, and in the humanitarian sphere as was stipulated in the Paris Charter for a New Europe.

The general opinion of the countries represented at the PCC meeting is that stability, welfare and further development of democracy based on respect for human rights and basic freedoms in central and eastern European countries meet the interests of all CSCE member-states.

Participants in the PCC meeting stated the readiness of their countries to hold, in case of interest, bilateral or multilateral consultations on an ad hoc basis on topical matters of general interest, including those connected with the implementation of the Treaty on Conventional Forces in Europe.

Participants in the PCC meeting signed a protocol to terminate the treaty of friendship, cooperation and mutual assistance, which had been concluded in Warsaw on May 14, 1955, and to terminate the protocol dated April 26, 1985, on the extension of the above- mentioned treaty.

The protocol signed at the PCC meeting is subject to ratification.

Yanayev at News Conference

LD0107203891 Moscow TASS International Service in Russian 1852 GMT 1 Jul 91

[By TASS correspondent Anatoliy Shapovalov]

[Excerpts] Prague, 1 Jul (TASS)—After the conclusion today of the work of the final conference of the Political Consultative Committee of the member states of the Warsaw Pact, a news conference of the heads of the delegations of Bulgaria, Hungary, Poland, Romania, the Soviet Union, and Czechoslovakia took place here. [passage omitted]

A correspondent of Czechoslovak Television asked USSR Vice President Gennadiy Yanayev whether the Soviet Union is insisting that NATO follow the example of the Warsaw Pact.

The USSR considers, G. Yanayev replied, that the instruments which were the subject of confrontation during the "cold war" period have become obsolete. Changes have also appeared in the positions of the North Atlantic alliance, as its recent sessions show. NATO, as an organization designed to solve problems of the "cold war," will not outlast the Warsaw Pact for long.

The Soviet side, the USSR vice president pointed out, proceeds from the fact that the end of the validity of the Warsaw Pact does not mean a split between its participants and the end of their close relations. The new political situation on the European Continent demands new relations. [passage omitted]

The question of many journalists concerned the situation in the SFRY. It was reported at the news conference that all the participants in the conference had decided to support the initiatives of the European communities and agreed to undertake active efforts within the framework of the CSCE on a political solution to the Yugoslav crisis.

Asked under what circumstances the former members of the Warsaw Pact would acknowledge the independence of Slovenia and Croatia, all the heads of the delegations stressed that each people has the right to self determination, but this objective must not be achieved by means of force. Only democratic and peaceful means are necessary. The existence of an independent and unified Yugoslavia is an important element of stability on the Balkin peninsula and in Europe, G. Yanayev stressed. The USSR is clear in its wish that the existing norms of international law and the principles of the CSCE should be consistently observed. The USSR vice president reported that a Soviet representative would be taking part in the CSCE meeting in Prague, which will discuss the situation in Yugoslavia on Wednesday.

Final Session of CEMA Held in Budapest

Preview of Session

OW2806121291 Moscow INTERFAX in English 1500 GMT 27 Jun 91

["Diplomatic Panorama" report: "CMEA Is Ended and Not To Be Superseded by an Organization of International Economic Cooperation"; transmitted via KYODO]

[Text] An end of the Council for Mutual Economic Assistance (CMEA) will be officially announced in Budapest tomorrow, June 28. A meeting will be held on the same day by the permanent representatives of the former organization to discuss setting up a new one—as informed by the Department of International Organizations of the Soviet Foreign Ministry. The new body is not to inherit CMEA rights, nor will it be a previously mooted Organization of International Economic Cooperation.

Its too early to say what kind of body it is going to be, with what initial documents, or executive structure. What's clear, it will not have an integrational or informative and consultative nature with some elements of coordination [sentence as received]. They explain at the Foreign Ministry that the Soviet Union is likely to agree to its regional, European character. As to its non-European members, Mongolia, Vietnam and Cuba, relations with them will be maintained on a bilateral basis and within 22 acting agreements on multilateral cooperation, later forms might be found for their association in the new organization.

Organization Disbands

LD3006092291 Moscow Central Television First Program Network in Russian 1800 GMT 28 Jun 91

[From the "Vremya" newscast]

[Text] The 46th and final CEMA session took place in Budapest today. At the meeting a decision on the abolition of this organization was adopted. Our correspondents report from the Hungarian capital. [video shows council in session]

[V. Fadeyev, identified by caption] This was the shortest sitting in the entire history of CEMA's existence. The plenipotentiaries of the governments of the nine countries, without addresses and speeches—this is also in the spirit of our harsh times—signed a protocol in accordance with which the rules of CEMA and the conventions on this organization's legal capacity will cease to be valid within 90 days.

[S.A. Sitaryan] [video shows interviewee addressing the camera, meeting participants milling around in the background] I would like to stress the main thing, that the abolition of CEMA as an organizational structure for cooperation which has today become obsolete, in no way signifies an abolition of cooperation itself. This cooperation will continue both on a bilateral basis as well as, we hope, on a multilateral basis. [video shows further footage from the council session]

[Fadeyev] And so CEMA will from now on be an outstanding page in the history of economic relations between our countries. But not only in history; it is also the objective basis for the deepening of trade and economic cooperation between its former members, based on new principles.

Spokesman on 'Untimely' U.S. Aid to El Salvador

LD2806163691 Moscow TASS in English 1530 GMT 28 Jun 91

[By TASS diplomatic correspondent Aleksandr Kanishchev]

[Text] Moscow June 28 TASS— The U.S. Administration's decision to resume military aid to El Salvador is "extremely ill- timed", a Soviet Foreign Ministry spokesman told TASS on Friday.

The U.S. Administration's announcement that the aid will be confined to medications, foodstuffs and spare parts for military hardware pursues "a rather obvious" goal to alleviate the negative reaction of the world and U.S. public, including the U.S. Congress, to this decision, the spokesman said.

"We believe that this move by the White House, regardless of the arguments in its support, should be considered as extremely untimely, seriously obstructing the fragile and unstable peace negotiation process, which, with the mediation by the U.N. secretary-general, is being held by representatives of El Salvador and the Farabundo Marti National Liberation Front, and which recently produced a real possibility for reaching mutually acceptable decisions," the spokesman said.

"We believe that in this situation, all interested states should pool their efforts to support the negotiation process in El Salvador and refrain from moves, which can hamper or frustrate this tough dialogue. We would like to hope that a similar approach will be taken by the U.S. Administration, on which, as is known, a real progress in a peaceful settlement in El Salvador and in the whole region largely depends," the spokesman said.

Foreign Ministry Statement on Ethiopia

LD2806185291 Moscow TASS in English 1642 GMT 28 Jun 91

[By TASS correspondent Aleksandr Kanishchev]

[Text] Moscow June 28 TASS—"The Soviet Union is ready for constructive cooperation with all those who are sincerely interested in the earliest establishment of lasting peace in Ethiopia, the ending of the conflict and the normalisation of the situation in the African Horn as a whole," says a Soviet Foreign Ministry statement released here on Friday in connection with a national conference on the Ethiopian settlement to open in Addis Ababa on July 1, 1991.

All the permanent members of the U.N. Security Council and representatives of the organisation of Arab [as received] Unity, neighbouring African states and some other countries are invited to attend the conference as observers. A Soviet delegation has already left for Ethiopia.

The conference will seek to map out ways to solve Ethiopia's urgent problems by peaceful means.

The statement expresses hope that "joint efforts by all Ethiopian participants in the conference and the foreign observers' active assistance will help the forum achieve its main goal—to reach agreement on the structure of representative bodies of power during a transition period on the basis of the national accord".

"At the same time, we understand that the forthcoming conference is only the first step on a long and difficult path to national reconciliation and stabilisation in the country," the statement says.

Treaty Demands on Former Pact Nations Examined

PM2806155691 Moscow MOSCOW NEWS in English No. 23, 9-16 Jun 91 p 12

[Mikhail Kozhokin article: "Kremlin Demands Too Much From Former Allies"]

[Text] The point is that Moscow has striven to get each country to agree not to join security alliances in which the USSR is not represented. Budapest, Prague, Warsaw and Sofia have said that this demand limits their sovereignty. Once they give this promise, they will not be able—if they so wish in principle—to become members of NATO or at least of the political union of European communities, now in the making, which will contain elements relating to the provision of security.

The simplest thing is to explain the emergence of differences by emotional moments. Indeed, our former allies are very sensitive to any of the Soviet Union's actions, real or sham, which could be interpreted as an infringement on their state sovereignty. The USSR's 40-year domination in the region can't be forgotten overnight—this is also a reality which Soviet diplomacy must reckon with.

But the former socialist countries find unacceptable the status of neutral states which the Soviet Union offers them de facto. The East European states have already made their choice—the return to a united Europe—and all the forms of regional cooperation or bilateral relations with the Soviet Union are seen by them as being either transitional or forced, conditioned by the difficulties of the transitional period of the way of their advance toward a united Europe. And therefore they understand the regional security of states in Central and Eastern Europe as a component element of the European security system. Regional cooperation must be coupled with the security structures already existing in Europe: with the CSCE process, with NATO, and with the European

Communities, with the West European Union and the Council of Europe—by no means, moreover, restricting their original functions.

The situation is paradoxical: deliberations about the "building of a European home" were heard from Moscow at a time when Europe was divided into two opposing blocs. Now, however, that Germany's unification and the termination of military confrontation in Europe have become a fait accompli, the Soviet Union's leadership proposes the mothballing of the "vacuum belt" along the perimeter of its western frontiers.

Doesn't this reveal a fear, having said "a", to pronounce the subsequent letters of the alphabet? The "European home"—the Soviet euphemism used to designate a free, democratic and united Europe—is only possible on the durable foundation of a single European security system, of which NATO is an inalienable (as of today) element. It is not worth shutting our eyes to NATO's stabilizing role in the world today and making believe that the European mechanisms of security (the formation of which is just beginning) will be able to take its place in the foreseeable future.

It is possible that an agonizing process of reconceptualizing NATO's role and significance in the contemporary world is under way in the Soviet Union's top power echelon. The first strike of "shock therapy" was the united Germany's membership of the North Atlantic Alliance, which the Soviet leadership initially rejected, but then had to accept, having understood with surprise that this not only didn't violate stability and security in Europe but, conversely, rather tended to reinforce them. Then, at the Paris conference of the CSCE participating states, the Soviet Union made an official statement to the effect that it no longer regarded the North Atlantic bloc as its enemy. Today this formulation needs further elaboration and specification: obviously it must be placed on some legal basis. But President Gorbachev's visit to the NATO headquarters is being postponed, and no one else is in a hurry to introduce clarity either.

And the point is hardly in opposition from the conservatives alone. It is clear that reconceptualizing NATO's role in the new Europe, which already exists, will spell the final destruction of the "enemy image"—something which is not so easy to accept. More important is the following: light has been shed on the internal contradictions of the Soviet concept of "building a European home": in which the question as to who will guarantee the security of Central and East European states, and in what way this will be done, has received no concrete answer.

International Meeting on Molotov-Ribbentrop Pact

OW0107080291 Moscow INTERFAX in English 1930 GMT 28 Jun 91

[Transmitted via KYODO]

[Text] An international conference on the topic "The Molotov- Ribbentrop Pact and Its consequences for Bessarabia" drew to a close in Kishinev on Friday. Representatives from 17 countries, as well as from the Soviet Union's republics took part in the conference.

The participants in the conference adopted the Kishinev Declaration on the Molotov-Ribbentrop Pact, which emphasizes that the Soviet-German Treaty together with its secret protocol have had a destabilising effect on the European situation and led to the Second World War.

"These accords between the USSR and Germany directly affected the people of Bessarabia and Northern Bukovina, and their repercussions are still felt today", the document says.

"The annexation by the USSR of Bessarabia and Bukovina", the declaration runs on, "was the first act of a national tragedy and inflicted untold suffering on the Romanian people".

The conference's participants believe that the Molotov-Ribbentrop Pact and the secret protocol appended to it have no legal force and their consequences must be declared null and void. They hold the view that taking account of political realities, a solution should be sought in the spirit of Helsinki Accords and the Paris Charter.

Gorbachev Greets Socialist International

PM2706083791 Moscow PRAVDA in Russian 25 Jun 91 Second Edition p 5

[M. Gorbachev undated greetings message to Willy Brandt, chairman of the Socialist International, on the 40th anniversary of the reconstitution of the Socialist International]

[Text] To Mr. Willy Brandt, Chairman of the Socialist International

Esteemed Mr. Chairman!

I greet you and top leaders of social democratic and socialist parties on the 40th anniversary of the reconstitution of the Socialist International.

Cooperation between the CPSU and the parties of the Socialist International is becoming increasingly regular and substantive. I hope that it will continue fruitfully within the overall activity of democratic forces for the sake of peace and social progress.

[Signed] M. Gorbachev

Gorbachev Message to Neurosurgeons' Congress

PM2606100791 Moscow PRAVDA in Russian 24 Jun 91 Second Edition p 1

[USSR President M. Gorbachev greetings message to Ninth European Congress of Neurosurgeons; date not given]

[Text] To the Ninth European Congress of Neurosurgeons

I greet outstanding scientists and specialists in one of the main areas of modern medicine.

This is the first time that you have held your congress in Moscow. I hope that it will be a major event in developing the science of that most delicate substance—the human brain—and in improving methods of safeguarding its health.

Your activity and your cooperation serve a lofty humane purpose and form an indispensable part of the efforts made by politicians striving to create conditions for the world community's transition to a new era of peace.

I wish you fruitful work.

[Signed] USSR President M. Gorbachev

Northeast Asia

Bessmertnykh Confers With Mongolian Counterpart

LD3006110891 Moscow TASS International Service in Russian 1046 GMT 30 Jun 91

[Text] Moscow, 30 Jun (TASS)—On Saturday USSR Foreign Minister Aleksandr Bessmertnykh met Tserenpilyn Gombosuren, Mongolian People's minister of foreign relations, who is on a short working visit to Moscow.

During the friendly conversation, bilateral relations and cooperation between the two countries in international affairs were discussed. The two sides informed each other about the public- political processes taking place in the Soviet Union and Mongolia. The importance of developing all-around Soviet-Mongolian cooperation and the search for more effective forms of economic ties were noted. The ministers agreed to intensify the dialogue at the political level.

Nyamyn Mishigdorj, the Mongolian ambassador to the USSR, took part in the conversation.

Japanese Diplomat on Gorbachev-Kaifu Talks

OW0207045691 Moscow INTERFAX in English 1200 GMT 1 Jul 91

["Diplomatic Panorama" report by Igor Porshnev: "Are the Soviet and Japanese Leaders Likely to Meet in London?"; transmitted via KYODO]

[Text] Soviet newspapers referring to Western reports say President Gorbachev and the Japanese Prime Minister, Mr. Toshiki Kaifu, are expected to meet at the end of the G-7 meeting in London. "The question of a meeting has not been settled yet," said a Japanese embassy official in Moscow on condition of anonymity. He told an IF [INTERFAX] correspondent that Mr. Gorbachev might be very busy in London since a number of G-7 leaders would like to meet him privately.

The Japanese diplomat said that, to the best of his knowledge, his embassy in Moscow had not discussed the issue of a meeting between Mr. Gorbachev and Mr. Kaifu with the Soviet side. However, this is not to say the issue has not been raised at all. In his view, it can be tackled by Tokyo and Moscow at a Foreign Ministry level. The diplomat said it would not be logical if Mr. Kaifu failed to met Mr. Gorbachev while other G-7 leaders did so.

If the two leaders to met, he said, Mr. Kaifu may well raise the same issues he and Mr. Gorbachev discussed during recent talks in Tokyo, and the question of "northern territories" is no exception.

In reply to a question why Tokyo decided not to insist on the "Territories" issue to be included in a G-7 economic declaration as a precondition for economic aid to the Soviet Union, the Japanese diplomat stressed that his Government was supportive of Soviet perestroyka. "To back up Soviet perestroyka," he said, "we are prepared to render technical assistance to the Soviet Union despite the existence of the territorial issue."

On Japan's financial aid, the diplomat spoke of the need for clear-cut guarantees that it would be used properly and would be channeled for the creation of market mechanisms in the Soviet Union. For the time being, he said, it is hard to say whether the Soviet Union is really heading for a market economy. One other problem is the lack of a clear cut declineation of powers between Moscow and the republics.

Japan's partners in G-7, he said, are well aware of Tokyo's position on "northern territories" and there is no need to reiterate it in the economic declaration by the G-7 meeting in London.

USSR-South Korean Air links Increased

LD2906092291 Moscow TASS International Service in Russian 0230 GMT 25 Jun 91

[By correspondent Vadim Yegorov]

[Text] Tokyo, 25 Jun—South Korea and the Soviet Union will very shortly double the number of passenger flights on the Seoul-Moscow route, and will introduce extra cargo flights, according to an announcement today by the South Korean Ministry of Transport.

Aeroflot aircraft are expected to start flying twice weekly on the Moscow-Seoul route as of 3 July, while on 5 July cargo flights will begin on the Luxemburg-Moscow-Irkutsk-Seoul route. Korean Air will start twice weekly flights on the Seoul-Moscow-Zurich route on 4 July.

The increase in flights and introduction of extra cargo services are in accordance with a Soviet-South Korean bilateral agreement on regular air communications which was signed at the end of May.

Air Links With South Korea To Be Stepped Up

PM2806100391 Moscow PRAVDA in Russian 26 Jun 91 Second Edition p 1

[PRAVDA-TASS column report under the "News for the Edition" rubric and the general heading: "Abroad"]

[Text] Flights on the Seoul-Moscow route will double in number in the near future. In addition to passenger flights, extra freight flights will also be introduced, the South Korean Transport Ministry has announced. Aeroflot aircraft will begin flying from Moscow to Seoul twice weekly as of 3 July and will also begin freight runs on the Luxembourg-Moscow-Irkutsk-Seoul route as of 5 July. In turn Korean Air will begin flying the Seoul-Moscow-Zurich route twice weekly as of 4 July.

Historian Details Korean Liberation, War

91UF0918A Moscow KOMSOMOLSKAYA PRAVDA in Russian 25 Jun 91 p 4

[Interview with historian Grigoriy Kuzmin by M. Maksimov; place and date not given: "Into Battle Leads the Great Commander"]

[Text] [Maksimov] June 25th is the anniversary of the start of the Korean War. A year ago, when the 40th anniversary was commemorated, publications providing an idea of the true picture of those far-off events on the Korean peninsula began to appear in our open press. Various viewpoints, frequently contradicting one another, were expressed.

You, Grigoriy Ivanovich, are a professional orientalist and scholar who has been studying Korean problems for several decades. Finally, you were a direct participant in the events. Could you vouch wholly for the fact that your understanding of what happened in Korea at the end of World War II and after is the most objective?

[Kuzmin] Only an analysis of documentary evidence, which remains secret, as before, could reveal the truth in the last instance. Any individual's view is subjective. But I, as a historian, have had access to these secret documents. In addition, I describe what I saw with my own eyes.

[Maksimov] The first question, then. A book published in the DPRK maintains: "The symbol of all the victories in the two wars—the partisan war against Japanese imperialism and the war against Yankee imperialism (1950-1953)—is Marshal Kim Il-song—the organizer and leader of the people's armed forces." We know the capacity of Korean propaganda for exaggeration, nonetheless, the role of the great leader and the Korean partisans in the smashing of the Japanese occupation forces is not entirely clear. Is it possible, taking documents or reliable evidence as a basis, to clear things up?

[Kuzmin] It is clear that Kim Il-song did not liberate Korea in 1945. This was mainly done by the Red Army, having routed the so-called Kwantung Japanese grouping and their forces on the Korean peninsula. The Americans landed in Korea on 8 September, that is, six days after Japan's surrender.

Our 25th Army, which liberated the peninsula from the Japanese up to the 38th parallel, was aided by six Koreans who served as interpreters. That was all.

I can confirm by documents that Kim Il-song spent the whole of World War II in the Soviet Union, in Khabarovsk Kray, in the village of Vyatskoye, in the area of the station of Krasnaya rechka. The 88th Rifle Brigade, which had been incorporated in the Far East front, was billeted here. The brigade had been formed in 1942 by command of the Red Army General Staff. One of the battalions consisted of Koreans. Kim Il-song had crossed the Soviet border, escaping from the Japanese, sometime in 1939-1940. He graduated from the Khabarovsk Infantry School and was appointed commander of the 1st (Korean) Battalion with the rank of captain of the Red Army.

[Maksimov] So were there any Korean partisans who fought, as the DPRK maintains, against the Japanese militarists and who conquered the hated samurai? After all, North Korean sources say that on 25 April 1932, aged 20, Kim Il-song had formed the Anti-Japan Partisan Army—the revolutionary armed forces of the Korean people.

[Kuzmin] There were partisans. But they could not have made a decisive contribution to the struggle against the Japanese aggressors on account of their lack of numbers and inadequate armament. It was the remnants of these partisan detachments which, pursued by Japanese forces, came to be on Soviet territory. Kim Il-song also was part of their number.

[Maksimov] Grigoriy Ivanovich, did you not meet with Kim Il-song in the period before he had become the great commander?

[Kuzmin] Yes, I did. I may say that he gave the impression of being a very capable person and a competent and exacting commander. He did not permit drunkenness in the battalion. One of his company commanders—a big fan of drinking—complained that Kim Il-song would not issue the five liters of liquor required "for keeping warm" in the fierce Siberian frosts but allocated only two liters.

Two of Kim Il-song's sons, who for convenience were called Yura and Shura—were born there, incidentally, in the village of Vyatskoye. A tragedy befell Shura—he fell into a well and drowned. But Yura has now become No. 2 in the DPRK and the successor of the great leader. Yura—Kim Chong-il—is now being dignified with the name of none other than the dear leader.

[Maksimov] So with your help we have established that Kim Il-song was from 1940 right up to Japan's surrender in a rear Soviet unit. How did he manage to become the illustrious commander and great leader?

[Kuzmin] Following the smashing of Japan, the Korean peninsula, in accordance with an allied agreement, was divided along the 38th parallel into two occupation zones: Soviet and American. According to the leading Korean newspaper NODONG SINMUM of 10 October 1945, Kim Il-song returned to Korean territory controlled by Soviet forces as "an illustrious commander who had instilled terror in the Japanese aggressors."

[Maksimov] In order to lay claim to the role of leader in liberated Korea it was undoubtedly necessary to win the support of the USSR....

[Kuzmin] Kim Il-song was guaranteed this support inasmuch as it was on him that the Soviet leadership had rested its choice. This advantage put him "beyond competition," although there were also many other candidates in the northern part of Korea itself.

[Maksimov] And what was the Korean people's attitude toward the new, little-known leader? Was Kim Il-song recognized as the great leader overnight?

[Kuzmin]A difficult question meriting a separate discussion. But it would be wrong to maintain that the whole people regarded the leader newly arrived on the scene with enthusiasm. Right up until 1948 Kim Il-song had been guarded by Soviet servicemen. It is known that an assassination attempt had been made on Kim Il-song on 1 March 1946. A home-made grenade flew during a demonstration toward the platform on which the Korean leader was standing. Kim Il-song was saved by Soviet officer Yakov Novichenko, who intercepted the grenade, which exploded in his hand, blowing it away. It should be added that at the initial stage of his activity Kim Il-song pursued a prudent policy which corresponded to the people's interests, on the whole.

[Maksimov] Thus, as a counterweight to the actions of the Americans and South Koreans, the North was shaping its own statehood, which contained the possibility of conflict....

[Kuzmin] With this in mind, evidently, the Soviet leadership endeavored at least to avoid the internationalization of a possible clash. The withdrawal of all foreign forces from the Korean peninsula was proposed, to which the Americans responded with a refusal and proclamation of the government of the South as the government of all Korea. Only after this, on 9 September 1948, was the Democratic People's Republic of Korea proclaimed, which split Korea conclusively. Immediately after this, all Soviet forces were withdrawn from the North. The Americans withdrew in the summer of 1949, leaving in the South their advisers and two brigades of Marines.

[Maksimov] What then, did Kim Il-song subsequently, as many people maintain, begin preparations for a treacherous invasion of the South?

[Kuzmin] Preparations for war were undoubtedly being made in both parts of Korea with the support of the United States on the one hand and the USSR on the other. The Korean or some other conflict had, evidently, to have begun in the cold war atmosphere following Truman's announcement of a "crusade" against communism.

[Maksimov] Grigoriy Ivanovich, IZVESTIYA has published a letter from one Nikolay Orlov-Rimin, who, although he served during the Korean War in Kamchatka, considers himself a witness to the events. He simply maintains that the war between North and South was prepared and unleashed by the Soviet Union. What is your opinion on this score?

[Kuzmin] In fact, the South also was doing everything to ensure that a conflict could not be avoided. As far as Stalin is concerned, on his orders the Korean People's Army was supplied with Soviet weapons. The leader of all the peoples, and I know this for a fact, did not endeavor to dissuade Kim Il-song from the commencement of active combat operations.

But it would be naive to suppose, as Orlov-Rimin does, that the command of the American forces and the government of South Korea did not until the last minute have any suspicion of the North's military preparations. Particularly with American technology, and, further, when it is only 200 km from Pyongyang to Seoul. It cannot be ruled out that the Americans were playing their own, more subtle game.

[Maksimov] The same author shows that the South Korean regime, given a population of 30 million, had in preparing for war to have mobilized, allegedly, 3.5 million men, that is, one out of every eight of the total number of citizens. And that as a result South Korea had an army of 100,000 men and was supported by two American brigades numbering 42,000 men. These forces allegedly confronted "Kim Il-song's army, 'armed to the teeth,' numbering 1.3 million men...."

[Kuzmin] Mobilizing for the army one person out of every eight, in an oriental country at that, would mean mustering the whole active male population and depriving the army of supplies. This is just as problematical as the fact that Kim Il-song was able to create such large armed forces in the North, where the size of the population was considerably inferior to that of South Korea.

However, it has to be acknowledged that the successes of the forces of the North, which three days after the commencement of the war had captured Seoul, are explained primarily by the participation in combat operations of an armored brigade armed with the celebrated T-34 tanks.

[Maksimov] Tell us, Grigoriy Ivanovich, in what way did Soviet volunteers participate in the war?

[Kuzmin] After the Americans had entered the war directly, having carried out a large-scale assault landing in South Korea and having thrown back the Korean People's Army almost to the border with China, Chinese volunteers entered the fray. It has to be said that from the first day of the war American aircraft had been carrying out bombing attacks on the DPRK forces. These bombing missions increased. The tragedy of Sinuiju, when the huge American B-29 strategic bombers, employing "carpet bombing," wiped a peaceful town from the face of the earth, is well known.

For protection against the Americans' air raids the Soviet 64th fighter corps of national air defense forces under the command of Aviation Lieutenant General Georgiy Ageyevich Lobov, hero of the Soviet Union, took part in the war at the request of the government of Mao Zedong. The corps numbered 26,000 men.

[Maksimov] N.S. Khrushchev writes in his memoirs that the Soviet fighters were inferior to American aviation technology and were not in a position to cover the facilities in the North.

[Kuzmin] This was not the case. Soviet pilots engaged the enemy, who had numerical superiority by a factor of two to four, in the air and always came out on top.

[Maksimov] Grigoriy Ivanovich, the West frequently maintains that of the 1.5 million Koreans who died in that war, many were the casualties of Soviet bombing. Is this so?

[Kuzmin] Nothing of the sort. There was not a single bomber in the aviation corps. I stress, only Soviet fighters covering ground facilities from the attacks of American aviation operated in Korean skies. The struggle was conducted only against aerial targets. In addition, our aircraft flew exclusively over North Korea, that is, up to the 38th parallel. The overall outcome of the war in the air: We destroyed 1,300 aircraft, losing 345.

[Maksimov] And the human losses?

[Kuzmin] In the liberation of Korea from the Japanese aggressors the losses of Soviet forces constituted 4,717 men killed and wounded. As far as the 1950-1953 Korean War is concerned, inasmuch as we allegedly did not participate, overall losses are unknown, although the time has come to reveal this information. According to General Lobov's figures, 200 pilots were lost in the fighting. The Americans put their losses at 54,000 men.

[Maksimov] Could this war have ended in victory for either side?

[Kuzmin] Following the entry into the struggle of Chinese volunteers, actually regular units and formations of China's People's Liberation Army, which received Soviet arms and were supported by Soviet aviation, such a thing was in practice unlikely. It should not be forgotten that behind the actual contact forces were on the one hand American military power, on the other, the armed forces of the USSR and China. Hotheads in the United States proposed the use of the atom bomb against the Chinese forces, but they were evidently stopped by the availability by that time of nuclear weapons to the USSR. This was, most likely, the first situation to have shown the leaders of the superpowers to what cold war paranoia leads.

Latin America & Caribbean

Cuba's Aldana Continues Moscow Visit

Meets Gorbachev, Bessmertnykh

OW0207043991 Moscow INTERFAX in English 1200 GMT 1 Jul 91

[From "Diplomatic Panorama"; following item transmitted via KYODO]

[Text] One of Cuban communist leaders, Mr. Carlos Aldana, now in the Soviet Union, has held talks in Moscow with President Gorbachev and the Soviet Foreign Minister, Mr. Bessmertnykh, to discuss the situation around Cuba and ways of overcoming difficulties in bilateral trade and economic relations.

Soviet Foreign Ministry officials said that Mr. Carlos Aldana, who is in charge of his country's foreign policy strategies, discussed how to stabilise mutual supplies under government-to-government agreements. The sides also discussed ways of shifting bilateral trade on a more realistic footing.

Internationally, the situation around Cuba featured high on the agenda. Moscow and Havana agreed that joint effort must be taken to remove the current tension around the island by opening dialogue with the United States, Western Europe, and Latin America. Soviet officials in this connection pointed out that Cuba intended to widen contacts with the United States on the issue of normalising bilateral relations. However, such talks, says Cuba, must be held on the basis of parity and without preconditions that Washington has been setting so far.

More on Talks With Bessmertnykh

PM010713 991 Moscow IZVESTIYA in Russian 28 Jun 91 Union Edition p 8

[TASS report: "For Strengthening Friendly Ties"]

[Text] On 26 June USSR Foreign Minister A.A. Bessmertnykh received C. Aldana Escalante, secretary of the Cuban Communist Party Central Committee, who is visiting Moscow. An in-depth exchange of opinions took place.

The sides advocated the need to step up joint actions as well as international efforts in the interests of overcoming tension over Cuba based on the safeguarding of its security, sovereignty, and rights to freedom of choice. It was noted that an important prerequisite to improving the situation in this region would be overcoming confrontation in relations between the United States and Cuba and switching them to a normal civilized course on the basis of equality, mutual respect, and noninterference in internal affairs.

The two countries' desire to preserve and strengthen friendly ties and improve mutually advantageous cooperation was reaffirmed during an absorbing discussion of the state of and prospects for the development of Soviet-Cuban relations.

View of Progress, Future of Mexican Reforms

91UF0922A Moscow SOVETSKAYA ROSSIYA in Russian 26 Jun 91 First Edition p 5

[Article by TASS correspondent S. Gorbunov special to SOVETSKAYA ROSSIYA: "Toward Freedom from Patronage: Mexicans Strive to Make Their Country That of the First Rather Than the Third World"]

[Text] Mexico—**Between 3 and 5 July, President of Mexico Carlos Salinas de Gortari will pay an official visit to the USSR on the invitation of USSR President M.S. Gorbachev. Processes that have been under way in this country in recent years are complex and contradictory. Radical reforms are being implemented in the country. The contemporary realities of Mexican life may undoubtedly be of interest to our readers.**

The treaty on free trade with the United States, trade and the economic integration of the two countries, and prospects for creating a united North American free trade zone, which will include not only Mexico and the United States but also Canada, are the current focal issues on the pages of Mexican newspapers and periodicals and in speeches by government figures, politicians, and trade union activists.

Mexico has now come close to participating in a trilateral treaty with two industrially developed states.

The time for changes came in the country when Carlos Salinas de Gortari came to power. This happened in 1988, i.e., almost simultaneously with the beginning of serious transformations in our country and Eastern Europe. We must say that there have been many such coincidences in the history of the USSR and Mexico. They refer to them here as "historic parallels." I will not embark on enumerating them. I will only note that the dates of the Mexican revolution are 1910 through 1917, and that the governing Institutional Revolutionary Party of Mexico has been in power for more than 60 years now without interruptions.

In the 1980's the Institutional Revolutionary Party ran into a deep crisis caused by stagnation in intraparty structures, which had grown together with the state apparatus. This situation was largely facilitated by the absence for many years of worthy political rivals to the Institutional Revolutionary Party who could be capable of contesting the power of the party that has proclaimed itself the main heir to the ideas and principles of the Mexican revolution. The situation changed in the second half of the past decade, when changes in the international arena and the departure from the Institutional Revolutionary Party of a number of figures who advocated democratization in the political life of the country facilitated the formation of more significant opposition forces than had previously been the case.

By the time of the latest presidential election, the dissatisfaction of the Mexicans with the socioeconomic situation in the country, stagnation, and corruption in the party-state apparatus had become massive. The people demanded changes. The opposition, which had rallied around the left-wing politician Cuauhtemoc Cardenas, fought a serious battle with the ruling party for the first time, despite being unable to defeat it. C. Salinas de Gortari won by a small margin. It should be surmised that this circumstance only reinforced his conviction that profound transformations needed to be effected in the country.

The question "Where to begin?" will perhaps always be the most difficult one for revolutionaries and reformers of all nations and all times. It is interesting that President Salinas began by dealing impressive blows to corruption and crime. Trade union leaders and functionaries who wallowed in theft and other machinations were arrested, and highly placed violators of human rights were held accountable. This was followed by certain constitutional reforms and the development of a federal code of electoral processes and institutions, which facilitated the creation of a more democratic atmosphere in the country.

In the opinion of the Mexican opposition, so far political transformations in Mexico have been halfhearted, and have not brought about the assertion of a true democracy in Mexico.

For his part, Salinas de Gortari tirelessly stresses that "political transformations in Mexico should not entail the collapse of the foundations of state and social peace." In the latest report of the government to the congress of the republic, he stated: "Mexicans do not want adventures, abrupt changes, and unnecessary risks. Democracy is not achieved by actions that jeopardize the stability of the country or the existence of state institutions."

At this stage, the process of democratization initiated by the president boils down to stricter "monitoring of compliance with the laws and streamlining the administrative system with a view to effectively protecting human rights, meeting main social needs, and asserting a new political culture."

Economic restructuring is the main thrust of government policies.

In May of this year the government of Mexico carried out the largest stock exchange operation in the history of the country. More than 1.5 billion shares of the Companies Telefonos de Mexico, which belonged to the state, were sold at the stock exchanges of Mexico, the United States, Canada, Japan, and another 19 countries of the world. This operation generated $2.166 million for the Mexican authorities. Earlier, in November of last year, the government sold the controlling share in the telephone company to private capital, mainly Mexican, for $1.757 million. The state plans to retain no more than between eight to 10 percent of the shares of this company by the middle of this year.

The sale of Telefonos de Mexico became part of a consistent policy of the Mexican government aimed at streamlining state expenditures and modernizing the economy of the country. Hundreds of state enterprises have been liquidated, reorganized, and sold to private owners since 1982.

There are limits to privatization, which is one of the main avenues of the policy of modernization and improvement in the efficiency of the national economy pursued by President Salinas de Gortari. Thus, for example, the government intends to retain control over "strategic sectors" of the economy in the future as well: oil production, power generation, the petrochemical industry, and railroads.

The head of state announced: "We are against excessive interference by the state in economic activities because this gives rise to inefficiency and weaknesses in the economy." At the same time, he believes that insufficient influence of the government in this sphere brings about mounting social injustice and inequality.

The government has taken resolute actions aimed at eliminating barriers to the normal functioning of the national economy. In the long years of attempts to manage the national economy by bureaucratic methods, dozens of legislative acts and resolutions piled up in the country, which became an obstacle in the way of further growth. The repeal of these unjustified restrictions made it possible to ensure the growth of efficiency in many spheres.

Simultaneously, the K. Salinas administration took a step as bold as to liberalize trade. Tax rates were recently reduced and brought in line with international standards, and unjustified customs barriers were eliminated.

The so-called pact on stabilization and economic growth, signed by the government, entrepreneurs, and the trade unions two years ago, became an important tool for combating inflation and a crisis that Salinas de Gortari inherited from previous administrations. The idea of the pact is to rein in inflationary processes by means of maintaining stable prices and freezing wages. Even the opposition now acknowledges that this agreement made it possible to stabilize and cure the national economy. Due to the agreement, the growth of the gross national product (GNP) has exceeded population growth for three years now. The rate of inflation fell from 160 percent in 1987 to 30 percent in 1990.

Mexico's economic growth, which now comes to about four percent a year, has been facilitated by a new law on foreign investment which expanded opportunities for attracting foreign capital to the country.

As a result of the government's economic policy the country's financial stability has been reinforced, as evidenced by minimal differences between the exchange rate of the dollar against the peso in the controlled and free markets. The signing of an agreement with the 500 largest foreign banks on rescheduling Mexico's foreign debt on 4 February 1990 became a serious success.

All of this is fine, say the critics of the government's economic policy, but what about the fact that one-half of the populace of the country still live in poverty, and about 20 percent even below this level?

Indeed, Mexico is truly a land of contrasts. One does not have to leave the capital city in order to ascertain this. Whenever the stream of cars, of which there are 3 million in Mexico City, stops at an intersection, unfortunate dirty children and paupers who beg for charity swarm over the latest models of luxury limousines. For the most part these are Indians who were forced to leave their native parts and go to the capital city hoping to find sustenance. The issue of development in remote rural areas which, in essence, is a long-standing agrarian problem in Mexico still awaits resolution. At present the government is striving to reduce colossal differences between urban and rural areas through the so-called "national program of solidarity," which President Salinas described as a policy "free of patronage, based on respect and responsibility, and carried out in the firm hope to right a historic wrong and ensure equality in the future."

In plain words, this is about carrying out various social projects at the expense of the state. Last year alone about 5 million people were given an opportunity to use electricity and 3 million an opportunity to use running water within the framework of such projects. The number of medical facilities in rural areas was doubled, and about 20,000 schools were repaired.

Most economists agree that the reforms made by President Salinas in his 2.5 years in power have brought quite favorable results. The persistence and consistence with which the head of state carries out his programs have gained him respect both inside the country and outside of it.

Orientation toward the distant future and the desire to not just solve urgent economic problems but also to make a colossal leap into the future by using the most realistic and readily available means are the main traits of the president and a characteristic peculiarity of his plans.

"To make Mexico a country of the First rather than the Third World"—this is how Salinas de Gortari outlined the task he set. In the opinion of the president, the most secure way to accomplish it lies through the signing of the treaty on free trade with the United States and Canada that we have already mentioned. In the opinion of the Mexican authorities, participation in the North American free trade zone, which includes 360 million consumers and produces goods worth $6 billion, will ensure a reliable market for selling Mexican goods, a new influx of capital investment, and the introduction of modern technologies into the national economy.

The Mexican government is aware that the forthcoming negotiations with the United States and Canada "will be difficult and at times tense." President Salinas has stressed repeatedly that the trilateral treaty should be of an exclusively commercial nature and that his government will not permit any attempts to influence the internal or foreign policy of Mexico. The Mexican authorities have also persistently repeated that strategic sectors of the economy will be left out of the negotiations, in particular, the oil industry in which the United States shows an undisguised interest.

The Mexican government promises to carry on the dialogue cautiously, proceeding from national interests in all cases. At the same time it intends to do everything in order not to waste a unique opportunity to become part of a modern trade and economic alliance which, if created, will undoubtedly play a very prominent role in the world economy.

Accord With Chile on Trade, Economy

LD2806085891 Moscow TASS International Service in Russian 1515 GMT 26 Jun 91

[By correspondent Igor Bulanov]

[Text] Moscow, 26 Jun—A Soviet-Chilean trade and economic agreement, which was signed here today, provides for the establisyhment of active mutually advantageous cooperation between the two countries, which was broken off in 1973 in connection with the military coup in Chile. The document was signed on the Soviet side by Konstantin Katushev, acting USSR minister of foreign economic relations, and on the Chilean side by Carlos Ominami, minister of the economy.

"The agreement is a new important landmark in the development of trade and economic relations between our countries", the Chilean minister stated in a conversation with a TASS correspondent. "This is a continuation of the dialogue begun earlier on the establishment of mutually advantageous economic partnership."

The progress of reforms in the USSR is being closely followed in Chile, and it is considered that, together with this, a basis has emerged for truly mutually advantageous cooperation with good prospects, Carlos Ominami noted. In his opinion, both Chile and the USSR "have proposals to make to one another," and the document that has been signed will give a boost to the conclusion in the very near future of beneficial contracts which will be implemented as the reforms in the Soviet Union develop.

Konstantin Katushev, on the Soviet side,described the agreement as "a document that gives an important legal foundation for the development of Soviet-Chilean trade and economic ties." The sides, he noted, have agreed to conduct their affairs on an equal basis, with each side being granted most-favored-nation status.

Supreme Soviet

Privatization Law Adopted

LD0107115791 Moscow TASS International Service in Russian 1052 GMT 1 Jul 91

[By TASS parliamentary correspondent Vladimir Isachenkov]

[Excerpts] Moscow, 1 Jul (TASS)—The USSR Supreme Soviet today adopted a privatization law in which half the country's industrial enterprises should be taken out of state control by the end of next year.

According to a government forecast, circulated among deputies, privatization is to be implemented in two stages. By the end of the first stage (1992), between 40 and 50 percent of basic production resources at enterprises under all-union authority will be taken out of direct state control, and by the end of the second stage (1995), this figure will reach between 60 and 70 percent. [passage omitted]

The all-union government calculates that by the end of 1992, privatization will bring in between R170 billion rubles and R200 billion, and by the end of the second stage (1995), between R350 billion and R450 billion. These funds will be used to pay the internal debt, reduce the budget deficit, and otherwise help stabilize the economy.

PRAVDA Reviews 'Week in Parliament'

PM0207094991 Moscow PRAVDA in Russian 1 Jul 91 Second Edition p 2

[Article by parliamentary observer Miroslav Buzhkevich under the rubric "Week in Parliament": "Fate of Children and the Country"]

[Excerpts] [passage omitted] A routine parliamentary hearing organized by the Committee for Women, the Family, and Demographic Policy was held last week. Its subject was the implementation in our country of the world declaration on the survival, protection, and development of children, and the action plan for its implementation adopted at the September 1990 meeting under UN auspices of the heads of more than 70 states. This was preceded by the proclamation of the UN Convention on Children's Rights, which our parliament ratified a year ago. [passage omitted]

Summing up the results of the discussion, M. Rakhmanov, chairman of the Committee for Women, the Family, and Demographic Policy, noted that a considerable proportion of the measures contained in the UN Convention on Children's Rights and also in the declaration and plan for its implementation are reflected in the resolution of the country's parliament on urgent measures to improve the lot of women, to protect mothers and children, and to strengthen the family, the fulfillment of which has already had a definite effect. Other problems were included in the draft basic guidelines for state policy in this area. The other day the V.I. Lenin All-Union Children's Fund submitted a draft law on children's rights to parliament.

Nonetheless, all these documents could be in vain if active work is not launched to implement their provisions in our life. That is why the parliamentary hearing participants proposed setting up a nongovernmental committee to monitor the implementation of the UN Convention on Children's Rights. In their opinion, the USSR Foreign Ministry should have a special subunit to handle the problems of the family and the protection of mothers and children in the light of international actions. It was decided to establish close contacts between the parliamentary Committee for Women, the Family, and Demographic Policy and the UN Committee on Children's Rights. Finally, it will be necessary to ensure that the country's population is extensively informed about all these problems.

Experience shows that such recommendations, as a rule, hit home. Here is just one example. Last fall the same committee held parliamentary hearings on the question of implementing the UN convention on the elimination of all forms of discrimination against women. A proposal was made at the time to set up a government organ which would tackle the problem of protecting the interests of women, the family, and children. And this committee has appeared as part of the country's Council of Ministers.

...Going down one floor, I entered the auditorium where the draft new Union Treaty was being discussed at a joint sitting of the Commission for Nationalities Policy and Interethnic Relations and the Committee for Agrarian and Food Policy. The deputies took a very demanding attitude toward this document, which is now entitled the "Treaty on the Union of Sovereign States" and has been submitted by the USSR president for discussion by the country's parliament. Comments were made about its title. Deputy S. Angapov believes that the concept of "sovereign states" does not reflect the nature of our Union. In his opinion, a state with any political system—a monarchy, for example—can be sovereign. Our state is made up of republics. Agreeing with him, his colleagues proposed that the document be entitled the "Treaty on the Union of Soviet Sovereign Republics."

A lively exchange of opinions was prompted by the speech by an invited expert—Doctor of Juridical Sciences Professor Yu. Kolosov. As a specialist in international law, he claimed that the draft new Union Treaty creates a confederal rather than a federal state. The deputies supported this idea, but from different standpoints. Some were satisfied, believing the confederal path of development to be the only right path for the Union. Others—and they made up the majority—were alarmed because they were convinced that this approach will ultimately lead to a weakening of the center's functions as the factor cementing the state, and that the state could collapse.

Lately there have been calls for the establishment of a single-channel [odnokanalnyy] tax system, under which all levies would be paid to the republics' treasuries, and they in turn would allocate funds to the center for its needs and for all-Union programs. It is not hard to understand that, in this situation, the center would be wholly dependent on the republics, which could at any time cut off the monetary "oxygen" and bring Union organs of power to their knees. The danger to the state in such a situation is obvious. It is no accident that all states with a federal setup have long since organized a different tax system. In the United States, for instance, there are federal, state, and local taxes. And nobody objects to this. Rejecting the "single-channel philosophy," deputies advocated preserving all-Union taxes.

The discussion participants were also critical of the principles behind the composition of one of the chambers of the country's parliament—the Soviet of the Republics. The draft treaty states that it will comprise representatives of the republics who have been delegated by their supreme organs of power. The deputies were right, in my view, to interpret the word "delegated" as meaning appointed. And they concluded that the republics will be able to recall any of their representatives to that chamber of the country's parliament if they fail to please the authorities in some respect. This is nothing other than a violation of democratic principles. Deputy N. Medvedev proposed a solution: Representatives of the republics who are appointed to this chamber should be members of their own parliaments. Democracy would thus be observed—these representatives would to all intents and purposes be chosen by the people. However, the reasonable objection was made that there would be an abnormal situation in, for instance, the Russian Parliament, which will be sending several dozen deputies to the USSR Supreme Soviet Soviet of the Republics. It turns out that the Russian Parliament would be deliberately doomed to work in a "truncated" form, under the constant threat of lacking a quorum. In short, deputies advocated that the principle underlying the formation of the Soviet of the Republics should be attentively studied once again and made acceptable from all points of view.

As a result, the participants in the preliminary discussion of the draft Treaty on the Union of Sovereign States considered themselves able to support it on the whole. At the same time, they made a number of proposals on editing the text of the document. In particular, they advocated that the preamble should point out the need to preserve a unified economic area as one of the aims of the association of sovereign states in a Union.

The draft new Union Treaty was also discussed by other parliamentary committees and commissions. But the main debates are still to come—during the discussion of the draft treaty at plenary session sittings, which, according to preliminary indications, will be held next week.

Supreme Soviet Defends Former Bloc Leaders

LD0107145791 Moscow TASS in English 1443 GMT 1 Jul 91

[By TASS parliamentary correspondent Vladimir Isachenkov]

[Text] Moscow July 1 TASS—The USSR Supreme Soviet today passed a statement urging East European parliaments to defend former leaders, party functionaries and officers of law-enforcement agencies against persecution.

"Stressing their adherence to fundamental agreements reached within the framework of the common European process, deputies to the USSR Supreme Soviet believe that the desire by certain political circles to intensify persecution of their own citizens over differing political views or party membership runs counter to the norms of life of civilised society," the statement runs.

"Open baiting of people only because they fulfilled their constitutional duty and allied obligations in the past constitutes direct infringement on human rights."

Political & Social

PRAVDA Views Provisions of Union Treaty

PM0107140991 Moscow PRAVDA in Russian 29 Jun 91 Second Edition p 1

[Article by political observer Viktor Shirokov under the "Topical Theme" rubric: "According to Union Time"]

[Text] Last Thursday the draft Treaty on the Union of Sovereign States was published in the press.

Thus the process of the renewal of the Union has entered the next stage—the time has come for each of us to consider the wording of the articles of the treaty and its individual provisions. This is the most important matter because in the future this lofty treaty is to be the basis of the constitution of the sovereign federal democratic state, its "alpha" and "omega," and we shall all have to live according to this constitution in the years and perhaps decades ahead.

The supreme soviets of certain republics, which have firmly resolved to recreate the Union on new principles, have already had time to discuss and approve this most important draft treaty which determines the fate of the country. The nationwide discussion of the document and the amendments, comments, and additions submitted during its examination in republic parliaments and the USSR Supreme Soviet will probably be taken into account as well. However, it is already clear right now that the fundamental and extremely responsible stage in the new Union's formation is drawing to a close.

Now let us turn to the text of the treaty. Its preamble sets out in verbal formulas the principles which have prevailed in the political struggle and the passions of the perestroyka period and have won the minds of the peoples inhabiting our country. It is here that the sovereignty of the states entering the federal "alliance," the right of nations to self-determination, and the desire and firm intention to create the conditions for the all-around development of each individual and to reliably guarantee individual rights and freedoms are strictly and precisely stipulated.

The equal republics party to the treaty invest the UNION OF SOVIET SOVEREIGN REPUBLICS (USSR) with power within the limits of the authority which they freely delegate to it. Henceforth the center will exercise its functions of coordination and authority with their knowledge and consent. That is the first of the "fundamental principles" which combine naturally with the following one, which speaks of the autonomous solution by the parties to the treaty of all questions of their development and their acceptance of commitments to guarantee equal political rights and opportunities for socioeconomic and cultural development for all the peoples living on their territory.

I would especially like to stress this fact as it is the "counterpoint" which is essential for the consolidation of the peoples within a single federation because we all see and feel the acute alarm of those who, by the will of the fate, have found themselves living outside the borders of their national-territorial formations.

These are the three basic principles on which the satisfaction of people's needs is to be built: free choice of forms of ownership and methods of economic management; the development of the all-Union market, that is to say, the single economic space without which we will begin to wither and die in our national "compartments"; and the realization of the principles of social justice and protection.

The section "The Structure of the Union" prescribes the most important features of the organization of the federal state. In particular, there is no rigid structure in the actual formation of it: Entry into the Union can be either direct or as part of another state. And it will be open to any democratic state which recognizes the treaty.

The parties to the treaty intend to form mutual relations among themselves on the basis of equality, respect for sovereignty, noninterference in each other's internal affairs, and the resolution of disputes by peaceful and constitutional means.

The draft treaty strictly defines the spheres of jurisdiction of the USSR and the republics and clarifies the limits of their joint jurisdiction. The powers delegated to the Union are those connected with protecting the state's territorial integrity, its defense and security, implementing foreign policy, coordinating the republics' foreign economic activity, approving and implementing the budget, issuing money, directing space activity, union-wide communications and information systems, the management of nuclear power generation, and other sectors where coordinated actions are essential to success. In law enforcement work, for example.

The joint jurisdiction of the Union and the republics is being considerably expanded. Essentially all parties to the treaty will take part as equals in the solution of all questions of strategic importance to the state.

A significant feature of the draft is the provision that, on the one hand, the laws of a republic which has signed the treaty are paramount on its territory while, on the other hand, Union laws on questions under its jurisdiction shall be binding on the territory of the republics. In a strong and united state there cannot be unlimited sovereignties, and the precise separation of the functions of power must guarantee both the rights and responsibility of all parties to the treaty. Disputes in this area will be resolved by the Union Constitutional Court.

There is another innovation—in the section "Union Bodies." Henceforth the USSR Supreme Soviet will consist of two chambers—the Soviet of the Republics and the Soviet of the Union. The Soviet of the Republics will consist of representatives of the republics delegated by their supreme organs of power.

I realize that it is very difficult to cover in a short commentary all areas of the future treaty. I hope that this will be the first summary in PRAVDA's forthcoming discussion of the draft. I hope that the most diverse and even diametrically opposed opinions will come together in this discussion. I do not think that this discussion will leave anyone unmoved. The more the ideas, proposals, and additions there are, the more fine-tuning there will be and the richer and deeper the text of the treaty itself will be. The moment that this treaty is signed we shall be living according to Union time in a regime which grants reciprocal most-favored status...

Reactions to Draft Union Treaty Viewed

PM0107145091 Moscow IZVESTIYA in Russian 29 Jun 91 Union Edition p 1

[Article by Albert Plutnik "Political Diary": "Treaty and Emotion"]

[Text] The occasion for these notes is the recently published draft "Treaty on the Union of Sovereign States." But what does that have to do with emotion, with our "seething nerves," with political passions roused to such heights that the USSR president recently observed: "We are operating in exceptional conditions, perhaps the most difficult for many years, except for the period of the Great Patriotic War when the enemy was at the gates of the capital or of Stalingrad"?

The point is that this draft has been long awaited, and many people worked on it. And in different ways. Not only in Novo-Ogarevo, of course, but throughout the country. Opposing political forces used every available method, not excluding hysterics (remember, for instance, the events in the Supreme Soviet when the people's deputies "called M.S. Gorbachev to account"), in the attempt resolutely to define their positions and even to dictate not only particular articles and clauses, but even the general thrust of the draft. Because they understood very well that it is a question of the design, the blueprint, according to which a radical reorganization of our entire life is to take place, in all its breadth and multiplicity of economic, political, and social relations.

And now the document has been published. Can it be to everyone's liking? Certainly not. We are too diverse today. We seek things that are too diverse, we see the truth in different things. Although its supreme, ultimate meaning, you could say, lies precisely in the constructive resolution of many problems that trouble the public mind, constructive resolution designed for the long term and intended to suit everyone. Although in terms of its basic thrust it is intended to contribute the essential constructive principle to all the fierce political debates on the direction of our future development—in many ways we are offered an attractive outline for redesigning our Union for the sake of society's resolute advance toward progress, for the sake of the attainment of civil peace and a rather overdue acclimatization to the general process of civilization, to the world community. But the choice has been made, and that means that many alternatives have been discarded, by no means everyone will find his own ideas reflected in this single proposed version, not everyone will accept the rights and wrongs of a different view.

Nonetheless any unbiased observer must, I think, admit that people were not wasting their time in Novo-Ogarevo. The result of joint work by the republics' representatives, the Federation Council, and the members of the preparatory committee formed by the Fourth Congress of USSR People's Deputies is a document that is democratic in content and realistic in nature. True, much needs to be clarified and enlarged on, and doubtless many questions will be prompted by specific provisions relating to the distribution of rights between the center and the republics, but it is in this area, it seems to me, that there has been a decisive breakthrough. For the first time in the years of soviet power the draft proclaims what I would call a multiparty economic system. Just as Article 6 of the USSR Constitution was revoked some time ago, which meant that the party had renounced its monopoly of power, now the center is sharing its economic power, largely renouncing its excessive claims. It looks as if at any moment now, on the way to the market, not only prices, but even the republics are going to be freed. It is not hard to surmise that for our still numerous champions of command-bureaucratic methods of management and staunch supporters of the empire, this whiff—perhaps a mere ghost—of freedom will appear to be the most vulnerable point in the draft.

It is noteworthy that recently, in certain circles, discussions of the draft treaty have usually been linked, so to speak, to the "Window of Opportunity" program drawn up by Soviet and American experts. Whipping up the political hysteria, they find a close interconnection between these drafts—on the one hand "the so-called democrats, having grabbed power, are wrecking the Union," and on the other they are nurturing plans for selling off the state to foreign capital. Logical? A shining example of "factional" publicity work is provided by remarks by the well-known Colonel V. Alksnis in the newspaper POLITIKA, published by the "Soyuz" deputies' group. Commenting on long extracts from the speeches at the 17 June Supreme Soviet session by the ministers of defense and internal affairs, and also by the KGB chairman (curiously, the session was closed but "selected" mass media, such as the TV program "600 Seconds" and the newspaper POLITIKA, were given access to the materials), he seeks to persuade the reader that "the leaders of these government structures, who possess all the information, have stated that unless emergency measures are adopted, our country will cease to exist! And today our people are being taken in by all kinds of union treaties and suchlike never-ending stories." So there you have it. In the same discussion, the colonel's worthy interlocutor expresses his view of Yavlinskiy's mission: "It is strange: A man whom nobody has authorized—neither the Cabinet of Ministers nor the Supreme Soviet—suddenly goes off to the West and conducts talks of some kind."

A little earlier, Supreme Soviet member V. Semenov expressed his opinion on the same topic: "I personally do not like the idea that the fate of my state and my people is decided in some office in the White House." Other people in the Supreme Soviet, as you know, did not like the idea of the fate of the Union Treaty being decided in Novo-Ogarevo... Just look at the kind of things that prompt dissatisfaction in our statesmen's minds. What a warped mind you must have to get annoyed about things that you should be thanking people for. Even if Yavlinskiy had indeed been acting without authorization—which is far from being the case—all the same, all joint Soviet-American proposals should be painstakingly examined. If, of course, you are thinking about the people, the country, rather than being consumed by departmental patriotism... Ideas have to be paid for. At least with gratitude. Frankly, I thought gratitude was the only "convertible currency" we still had plenty of. But it seems that here too we have spent it all.

Incidentally, M.S. Gorbachev, speaking in the Supreme Soviet the other day, mentioned by name for the first time, as you know, certain representatives of the right wing who try in all circumstances to impose their own opinion on the country's leadership. Formerly this honor was only accorded to left radical figures. But on this occasion the president did not get off scot-free for this "leveling" of the exchange rate. An article promptly appeared in the aforementioned press organ of the "Soyuz" group, openly debating the question of "removing Gorbachev from the political arena." I will quote just one passage: "If the president, totally ignoring the existing constitution, keeps the Congress and Supreme Soviet away from power and, in collusion with the republic authorities, abolishes the state, it would be interesting to know who can decide which is more lawful: these actions on his part, or some kind of coup in defense of the Constitution, the 'country's Fundamental Law.'" Do you see what they are hinting at? "Some kind of coup," however feeble... Taking revenge on the president at a stroke for his Supreme Soviet speech, the "9 plus 1" agreement, and his attentiveness to the "Window of Opportunity" program, the newspaper is basically calling openly for something that is scarcely compatible with "the country's Fundamental Law."

Departmental patriotism is similar to factional patriotism. It seems to me that the government demonstration, so to speak, that was organized in the Supreme Soviet was the consequence of jealous displeasure in the Cabinet of Ministers at the fact that G. Yavlinskiy seems to be taking a lot on and acting as if he was the Cabinet of Ministers. This is the result of the persistent habit of being monopolists and formulating on every question a decision that is the only right decision, because it is the only one.

A couple of words of warning to conclude. It is very important, in the process of taking opinions into account and improving the draft, to strip it exclusively of its shortcomings, not of its merits. And not to shake the heart out of it in the attempt to perfect it.

Draft Program Designed To 'Unite' Communists

LD0107194591 Moscow Central Television First Program Network in Russian 1800 GMT 1 Jul 91

[Text] A conference held in Moscow today was devoted to the work of the commission in charge of drafting the CPSU's new program. The work on a draft of the CPSU's new program, noted Vladimir Ivashko, deputy general secretary, is being done in accordance with the decisions of the 28th congress and the program statement "Toward a Humane and Democratic Socialism." Relying on the experience that has been gathered, and drawing lessons from the past, the draft of the new program defines the party's role and tasks under the new conditions which have taken shape in the country and in the world over the years of perestroyka. Ivan Frolov, Politburo member and academician, said in this context, in particular:

[Begin Frolov recording] We do not set ourselves far-removed goals and ideals, and so on. We are talking of a humane and democratic socialism as a process, as something that will come into being as soon as we have liquidated these authoritarian and bureaucratic ways of doing things. This is something that actually is already taking place—but naturally, the establishment of these relations is a process that quite possibly is at times a rather lengthy one, historically speaking. [end recording]

The news conference participants did not agree that a split in the party is almost imminent. This idea was reflected in the questions asked by journalists, who referred to a sharp discussion around the 28th congress decisions and the program statement, and in particular to criticism of those who are at the head of the Russian Communist Party. The work is being conducted in such a direction, noted the participants in the news conference, that the draft of the new program itself should not split the party, but unite it. It was noted that the draft would be published in July, so that it may be extensively discussed, and that it is to be examined by a party conference or its congress during the first six months of 1992.

To Be Examined at Plenum

LD0107214991 Moscow Russian Television Network in Russian 2000 GMT 1 Jul 91

[From the "Vesti" newscast]

[Text] As the Russian Information Agency reported today, citing an informed source, the draft of the new CPSU program will be examined at a plenum of the Central Committee to be held following Gorbachev's return from London, and will subsequently be tabled before the CPSU congress in December of this year.

Ivashko on Program

LD0107184991 Moscow TASS in English 1821 GMT 1 Jul 91

[By correspondent Ruben Shirinyan]

[Text] Moscow July 1 TASS—"The Communist Party of the Soviet Union will not change its name," Vladimir Ivashko, deputy general secretary of the CPSU Central Committee, told a news conference devoted to the draft of the new party programme.

The news conference was also attended by Petr Luchinskiy, member of the Politburo and secretary of the CPSU Central Committee, Ivan Frolov, editor-in-chief of the newspaper PRAVDA, Aleksandr Degtyarev and Viktor Ryabov, members of the CPSU Central Committee and department heads of the Central Committee.

Ivashko recalled that the resolution on drafting a new party programme was adopted a year ago. The drafting commission comprised more than 130 people. "We tried to draw people who represented various points of view," Ivashko said.

Ivan Frolov, who was in charge of a working group to draft the document, said the draft sets out the CPSU goals for the historic perspective, makes an attempt "to fit our perestroyka into the general context of global problems".

The document will be published in PRAVDA. Frolov did not name the exact date but said the newspaper was going to provide a forum for discussion on the draft programme.

Replying to journalists' questions about plans by Eduard Shevardnadze and other politicians to create a "parallel" party, Ivashko said: "First we need to read the statement on this."

At the same time, it transpired from replies to questions that Gorbachev's senior aide Aleksandr Yakovlev, one of the perestroyka ideologues, does not take part in work on the draft programme.

Journalists were also told that 46-year-old Vladimir Svyatozarov was appointed the new head of the CPSU CC Press Centre. Svyatozarov is an orientalist by training, worked as a Novosti Press Agency correspondent in Tehran and then in the CPSU Central Committee for ten years.

Communist Initiative Congress Proceedings

LD3006133191 Moscow Central Television First Program Network in Russian 2030 GMT 29 JUN 91

[Text] In Moscow today stage two of the second congress of the All-Union Movement of Communist Initiative took place.

[V. Ulanovskiy] After a document check lasting half an hour and a consultation with more senior comrades, young people with army bearing and a pentrating gaze let our camera crew in to the congress. We rushed headlong into the conference chamber, where we managed to have a word with Aleksey Alekseyevich Sergeyev, member of the CPSU central committee and of the Congress Organizing Office. [Video shows people in lobby; posters saying: "We demand the examination of an alternative programme"; "No to the anticommunists' program!"; "We demand an extraordinary congress"; "Anticommunists Gorbachev, Yakovlev, Shevardnadze—out of the Party!"; a linear graph showing the "formula of socialism", with the equation "m = v - c" at the bottom of the graph]

[Sergeyev] Our country is swiftly proceeding toward a national disaster. The party too is proceeding toward a disaster, while the party, the CPSU, is today the only force which is able to prevent this disaster. Democratic Russia can only wreck things, while today we have to create things. To prevent the disintegration of the party, to move the processes taking place in the party toward integration, toward unity, and cohesion of all healthy forces that exist in the party—that's what this second stage of the Second Initiative Congress of Russian Communists is convened for.

[Ulyanovskiy] As the sitting began, it gradually became clear that the most serious political opponents of the movement are also communists—Mikhail Gorbachev and Aleksandr Yakovlev. The people present in the hall earnestly applauded the speaker who managed to see the hand of Washington in the administration of our country. Our cameraman, Andrey Savin, and other members of the camera crew were so overwhelmed by what was happening that we had to leave in a hurry. But for a long time afterward I could not avoid the impression that I had been present in the Moscow of the 1930s. [Video shows auditorium, presidium, Sergeyev at lectern]

PRAVDA Views Congress

PM0107144791 Moscow PRAVDA in Russian 1 Jul 91 Second Edition p 2

[Article by A. Shinkin: "Congress Again"]

[Text] At the weekend, when Muscovites tormented by the heat wave were looking for some shade, feelings at the RSFSR [Russian Soviet Federated Socialist Republic] Communist Party Central Committee Russian Sociopolitical Institute in the capital were running higher than the street-level temperature. The participants in the Second Communist Initiative Movement Congress were discussing the draft CPSU program "Course of Creation" as well as current issues and Communists' participation in the workers' movement.

Representatives of this communist trend from 10 Union and 11 autonomous republics, and 15 krays and oblasts of Russia were seeking ways out of the crisis in which society and the party find themselves. Despite certain differences caused not by principled positions but rather, as one delegate noted, by professors' theoretical ambitions to clarify formulas, most of the congress participants condemned the country's current political course as "antipeople." Talking about the party leadership, the speakers accused it of "revising the 28th CPSU Congress decisions" and mentioned the impermissibility of the "turning the country capitalist" and of any further decline in working people's living standard.

The delegates stated the need for active work in primary organizations and labor collectives to explain present-day trends in the party and society. In their opinion the time has come to choose. Further inactivity and vagueness will be fatal for the people and immoral vis-a-vis all the generations of our forebears who created and strengthened the statehood of the multinational association of the peoples. In this connection the speeches often voiced proposals that an emergency CPSU congress be convened, that USSR people's deputies from the CPSU be made to give an account of themselves, and that newspapers and journals reflecting the position of the Communist Initiative Movement be set up. The main aim of Communists' work, the speakers stressed, is to purge the party of turncoats and those who preach double standards.

It is thanks to these kinds of "Communists"—particularly in the party leadership—that the CPSU, the delegates believe, could quite easily be "derailed" in the very near future. And the restyling [perelitsovka] of the CPSU is impermissible.

The congress participants adopted their own draft CPSU program and a number of resolutions—including a resolution on convening emergency congresses of the CPSU and the RSFSR Communist Party.

Control Group Against Party Fundamentals Review

LD2806104291 Moscow TASS International Service in Russian 0946 GMT 28 Jun 91

[Text] Moscow, 28 Jun (TASS)—Meetings and discussions have taken place at the CPSU's Central Control Commission with representatives of some movements and platforms within the CPSU.

The following were invited: Aleksey Sergeyev, Richard Kosolapov, and Viktor Tyulkin of the Communist Initiative Movement; Aleksey prigarin of the Marxist Platform in the CPSU; and Vasiliy Lipitskiy of the Democratic Movement of Communists.

During the discussions, serious anxiety was expressed on the part of the Central Control Commission at the fact that since the 28th Party Congress, individual groups and some Communists have engaged in wide-scale activity to review the fundamental principles of the collectively elaborated policy of the CPSU. The desire of individual movements and platforms to be organizationally separate, to devise their own political position, and to set up their own publications is exacerbating the processes of confrontation in the Party.

The invited comrades set out their positions and views, assuring the Central Control Commission that they are not going beyond the rules and binding documents of the CPSU, that they are also worried about the issue of party unity, and that they are seeking ways out of the situation which has developed.

Note was taken of these statements.

AFP Reports Reformers' Plan for New Party

AU0107200291 Paris AFP in English 1932 GMT 1 Jul 91

[Text] Moscow, July 1 (AFP)—Soviet reformers, including former foreign minister Eduard Shevardnadze, have agreed to set up a new political party in September, they announced in a communique published here Monday.

The statement called for "uniting the democratic movements and parties in the republics and regions" of the Soviet Union.

The protocol to establish the new party was signed Saturday by nine of the country's top reform figures, including advisers to both President Mikhail Gorbachev and Russian Republic President Boris Yeltsin.

Aleksandr Yakovlev and Arkadiy Volskiy are close associates of President Gorbachev, while Yeltsin supporters such as Russian Republic Vice President Aleksandr Rutskoy, Prime Minister Ivan Silayev and the mayors of Moscow and Leningrad, Gavriil Popov and Anatoliy Sobchak respectively, also signed.

Liberal economists Stanislav Shatalin, author of the "500 day plan", and Nikolay Petrakov also signed the declaration.

Meanwhile, the Communist Party announced here Monday that it will publish its new platform on July 20, a few days after the deadline set by the 28th Congress in July, 1990, party general secretary Vladimir Ivashko said Monday.

The 132-member drafting committee was asked to come up with a program for "democratic and human socialism."

The chairman of the drafting committee, PRAVDA editor Ivan Frolov, refused to comment on rumors that reports about the new democratic party had caused a rift among members.

"Yes, there are cracks in the Communist Party, and more than one. But how many? I don't know," said Mr. Frolov.

Shevardnadze on Movement

LD0207090691 Moscow Central Television First Program Network in Russian 2030 GMT 1 Jul 91

[From the "Television News Service" program]

Some Soviet and foreign mass media recently carried reports on the possibility of setting up an opposition political movement in the Soviet Union. We have managed to obtain a video report which in many ways sheds light on what has been behind these reports. As is known, a document was signed today in Moscow by seven well-known political and public figures: Volskiy, Popov, Sobchak, Rutskoy, Shatalin, Yakovlev, and Shevardnadze. Here is an interview with one of those who signed the document—Eduard Shevardnadze.

[Begin Shevardnadze recording] It has happened, as they say. All that we used to think and wonder about, even dreamt about deep in our minds: democratic forces and the country's democratic movement united on one platform, the platform that would consolidate all that is reasonable and progressive, which was brought about by our society, in particualr in connection with perestroyka, in connection with the democratization started in April 1985. You see, when we started to think—it is difficult to say when, there is no particular date—it seems to me that all years of my life were devoted to these ideals. It is true, though, I belonged to a group of people of different outlook, different principles, but we all gradually, step by step, moved toward the ideals of democracy; and what we have been talking about for a long time has happened now.

If you are interested in what has been happening of late... [changes thought] Yes, it is true, we have been engaged in this process in a most intense way in recent months.

Negotiations and consultations have been constantly taking place, and we have been checking the readiness of society. You see, one can put forward all sorts of slogans but remain empty-handed, so to speak. We cannot afford this. We have a very serious and responsible approach to what is currently happening in connection with the approval and publication of this document.

I do not know how our compatriots and future generations will assess its significance, but it seems to me that this document—which has been compiled jointly, by all of us who signed it—can become a document of historic and epoch-making significance. I do not like such high-flown words, but if one is to talk about the real situation that has come about in our country, it seems to me that we are taking a very important step, a very important step indeed. This does not run counter to the perestroyka principles that were declared in 1985, all the more so to democratization principles. On the contrary, our main task, our main aim is to save perestroyka, to save democracy, to develop democratic processes, and create guarantees that there be no return to the past, to a totalitarian regime. [end recording]

Appeal Issued

LD0207084191 Moscow TASS International Service in Russian 0800 GMT 2 Jul 91

[Text] Moscow, 2 Jul (TASS)—Well-known figures in the USSR's democratic movements, including from the reform wing of the CPSU, have come out in favor of the creation of a broad-based, all-Union movement in support of democratic reforms.

NEZAVISIMAYA GAZETA today published excerpts from the appeal by the organizing committee of the "Movement for Democratic Reforms," which was signed by: Aleksandr Yakovlev, one of the ideologues of perestroyka, former member of the CPSU Central Committee Politburo, and currently senior adviser to the USSR president; Eduard Shevardnadze, the former Minister of Foreign Affairs; Arkadiy Volskiy, former CPSU Central Committee department head; Gavriil Popov and Anatoliy Sobchak, mayors of Moscow and Leningrad; Ivan Silayev, head of the Russian government; Aleksandr Rutskoy, vice president of Russia and leader of the "Communists for Democracy" faction in the parliament of that republic; Stanislav Shatalin and Nikolay Petrakov, the radical economists.

In particular, the document says that the movement is for the spiritual, economic, and political rights of man, for social and economic protection for people, for a parliamentary republic, and for the rule of law and order. The movement supports radical transformations of the economic structure, of competition and equal opportunities, and of putting the country's citizens in control of property and of the results of their labor. On the nationalities issue, the movement is for ethnic cooperation, the preservation of the historic nucleus of our state as a union of free and sovereign peoples, and condemnation and rejection of any forms of nationalist extremism, chauvinism, or racism.

The appeal that has been published calls for common sense, for constructive cooperation of all responsible citizens, of the opponents of chaos and anarchy, for egalitarian, committed cooperation in all foreign policy and and foreign economic affairs, and for the peaceful development of civilization.

The document goes on to say: We call for the formation in the very near future of an organizational committee to prepare for a constituent conference by mid-September to unite democratic movements and parties in the republics and regions. As concerns the organizational form of the movement, the formation of a party, for example, this should be decided by the constituent conference.

The signatories to the appeal invite war and labor veterans and members of the so-called "sixties" generation (the 1960's—the time of Nikita Khrushchev's "thaw") to join the new movement. In appealing for the support of the reformist wing of the CPSU, the initiators of formation of the new movement are reckoning on millions of communists becoming involved in vigorous political activity, and on overcoming the split between this section of the party and the noncommunist democrats.

Shevardnadze Declines To Appear Before Commission

OW0207045491 Moscow INTERFAX in English 1800 GMT 1 Jul 91

[Transmitted via KYODO]

[Text] Eduard Shevardnadze, who is known to have been summoned by the Central Supervisory Commission of the CPSU Central Committee to explain to "party-appointed investigators" his public calls for setting up a pro-democracy party in the USSR, declined on Monday to appear before the Commission but promised to supply explanations in writing.

Former KGB Officers On Need For Reform

LD0107134191 Moscow Russian Television Network in Russian 1445 GMT 30 Jun 91

["From to From" program presented by commentator Vladimir Tsvetov, with Mikhail Petrovich Lbubimov, former KGB station chief in Denmark, and Valentin Yuryevich Korolev, former KGB counterintelligence officer—recorded]

[Excerpts] [passage omitted; recording of KGB Chairman Vladimir Kryuchkov addressing the 28th CPSU Congress; caption quote from Lenin; actors simulate KGB guards opening fire on prisoners] [video: camera shows front of KGB headquarters in Dzerzhinskiy Square and the CPSU Central Committee building on Old Square—caption reads: "Siamese twins!"]

[Tsvetov] I can say with total conviction and frankness that our country, just like any other, needs its special organs, in particular the KGB. This is so obvious that there is no need to prove it. But what kind of KGB should we have?

There are as many views on this as there are people. People hold far more definite ideas about the kind of KGB which is unacceptable to the democratic section of our society. Our state is sick. Consequently, its structures are also sick. This sickness has also afflicted the KGB. Because of the traditional secrecy of the Soviet special services and their ingrained aloofness from society information about the ailments of the KGB became known later than the diagnosis about the health of other state bodies. Outsiders were unable to penetrate the veil of secrecy shrouding the KGB. Only people who worked inside the Committee itself could acknowledge fever symptoms. They have done this, overcoming lingering fears of damaging the roof that sheltered them.

Mikhail Petrovich Lyubimov served as KGB station chief in Denmark. He is a retired colonel. Valentin Yuryevich Korolev was formerly a KGB counterintelligence officer. He is now a lieutenant colonel in the reserve.

[Word indistinct] of the KGB's illness is great and diverse. But there is one thing that torments the KGB more than anything else. Again we found out about this because of evidence from inside, for instance, an open letter to KOMSOMOLSKAYA PRAVDA by four KGB officers. The security organs continue to be an armed detachment of the party or, to be more precise, the party apparatus. The KGB, the letter continues, remains, in the hands of the CPSU leadership, a terrible instrument in the struggle against their own people.

So, one revelation after another. What kind of KGB does the CPSU apparatus need? And what kind of KGB would supporters of democracy like to see? [video: simulation of KGB officers apparently exchanging fire with gangsters; caption reads: "Armed detachment of the party"]

[Korolev] The Committee continues to be—it can not be otherwise—an armed detachment of the party. It cannot be otherwise because, first, party committees which carry out active political work in the KGB still exist there. Furthermore, most leaders of the KGB are former party functionaries. All of its active officers and agents, 100 percent of them, are members of the CPSU. They simply don't keep others there. To my knowledge, those officers who have left the CPSU are removed from their jobs. They are not trusted with anything.

[Lyubimov] I believe that the KGB has become an instrument in the hands of right-wingers in the Communist Party, in other words, representatives of Polozkov. This can be disputed. You may agree or disagree. But, in view of the latest statements made by the KGB leadership, it seems very likely that this is the political card being played by the KGB leadership.

[Korolev] I believe that the KGB organs can become a totally different organization, one which I myself would like [words indistinct], only if it is depoliticized. Removal of party influence is not enough. In my view depoliticization would be better for our country, specifically for our country. It's a waste of time citing the experience of other countries where agents are supposedly allowed to be members of parties. Conditions in our country are completely different. We have a totalitarian way of thinking. Virtually all the people think this way. What makes it worse is the punitive attitude of KGB officers, especially when you have these ideological [word indistinct]. The results may ultimately be very terrible.

[passage omitted: video recording of Kryuchkov speaking at the 28th CSPU Congress, clip shows actors simulating KGB combat techniques]

[Lyubimov] What can we do in the United State or Britain? How can we undermine the U.S. democracy or the British constitutional monarchy? This is simply impossible. All that talk about KGB conspiracies in countries that have a tradition of stability is so much nonsense. But in less developed countries we do, of course, have the opportunity to do more. In countries which are dependent on economic assistance the KGB can try, with the assistance of the military and the Foreign Ministry, to remove from power those forces which at any given time do not suit Soviet interests terribly well.

[Korolev] Unlike Kalugin, the former intelligence officer, maybe, I don't believe I can state conclusively that the KGB is the most aggressive service, the one that does the most harm to the international community. Nevertheless, I feel this is to be so because the spirit of the KGB, this atmosphere, cannot fail to make people aware of all this. You yourself can see how great its role was. It has now become clear from reports in the press and on television, from reports in both foreign and Soviet publications, how great was the role of our country, particularly our intelligence service, in the organization of local wars, in Africa, Latin America, Asia, and so forth. As soon as the CPSU changed its policy in the international arena, as it has done now, all these wars stopped—almost all of them, at any rate, all those that were initiated by the Soviet Union. And the initiative came via the KGB. In other words, the KGB executed this policy.

[passage omitted: videorecording of Kryuchkov speaking at 28th CPSU Congress; shots of men engaging in various forms of armed combat; caption reads: "Mind, honor and conscience"]

[Korolev] One of our jobs was to mix with lines and gather views on price rises or decrees of the Central Committee—[corrects himself] of the government and decisions of the CPSU Central Committee. Furthermore, we were obliged to gather views from our agents, from people we trusted, from trained personnel. We compiled reports on what we learned in those lines, on what people were saying, on the information supplied by agents and representatives. Everyone received a bundle of these reports—10, 20 of them, it all depended on how many agents you controlled. All this went first to the sector chief. The sector chief would change little. But once the departmental leadership received it, they would start sifting it. Some information would be weeded out on the grounds that it did not fit the picture that we wanted the CPSU leadership to see.

[Lyubimov] All reports received from agents were processed by officials and passed up to the leadership. If the leadership was convinced, for example, that a certain country was heading for revolution, something which we always wanted to encourage, just as the Americans wanted to discourage such developments, the information would be singled out and sent in the right ideological direction, in a way that would please the CPSU leadership.

[Korolev] The operations of KGB agents are regulated by decrees of the chairman. Among other things, these forbid KGB operations against the nomenklatura. This includes leaders at any level, from instructors to the CPSU general secretary, leaders of the Komsomol, the central trade union organs, the Council of Ministers, central and republican deputies, and so forth, and top military leaders. KGB employees do not have the right to take action against them. If a KGB officer received some compromising information against, for example officials of the party apparatus, he was obliged to destroy it immediately. Just to receive such information was illegal. He does not have the right to accept it. If he did, he would be undermining the party's authority when something went wrong. Furthermore, for instance, in my counterintelligence work I often came across cases where it was necessary to check out some woman or man who apparently had nothing to do with the nomenklatura. But, all of a sudden, it would turn out that this woman was a charwoman at PRAVDA. And that would be the end of the matter. I did not have the right to proceed any further.

[passage omitted: videorecording actors playing the role of the KGB officers in Tajikistan]

[Korolev] The problem of political choice: The officer must choose what the CPSU leadership proposes. Well, he's obliged in accordance with party discipline to carry out the instructions of those higher up. Let us put it like this: The problem of choice in the party, if it had existed, I'd like to say that most of the KGB officers, if the Bolsheviks had allowed them to leave the CPSU, the great majority of them wouldn't have hesitated at all to leave if they'd known that they would not be threatened by any repressions for doing so.

[Lyubimov] Of course there's no right of choice whatever. But it seems to me that not only in the middle echelons but even in the higher echelons there are those who think very soberly and if, so to speak, they had a chance to change their flag and not toe Kryuchkov's line, they would probably speak their mind. Perestroyka has been going rather a long time to be able to revise its viewpoint.

[Korolev] It wouldn't surprise me if there were a considerable proportion—well, not a majority, but a considerable proportion—of the KGB officers who would vote for Mokashev and Zhirinovskiy. I wouldn't be surprised. Why? Because they are the people who are the bearers of the punitive thinking, the policy of crushing nonconformity; and the KGB men have been involved with that all their lives. They've been brought up in that system.

[Lyubimov] CNN has reported that Kryuchkov, the most influential person in the Soviet Union, has said there are plans to occupy the Soviet Union, and also that it's an illusion that we'll be given any loans. First, we have been given a few loans already. All this was served up as a huge bomb under Gorbachev and under perestroyka, and as the desire of the Union group in general to undermine Gorbachev's visit to London to get money. I think in the first place that if all that really was so, and CNN didn't get it mixed up, then it is of course—to put it mildly, a completely baffling position. You have to be completely indifferent to the people's interests to say such things for the sake of your own self-interested positions.

[Passage omitted]

[Korolev] There are a great many loopholes in this law. One of them is this, regarding the CPSU's influence. Let us say that the law says that in their work KGB officers are not bound by the decisions of political parties and public organizations pursuing political aims. What does "not bound" mean? If they were simply forbidden to be guided by the decisions of the political parties, that would be clear. But "not bound" means that the subdivisions are also at the discretion of the KGB leadership. Suppose I am the KGB chairman and there's a decision of the CPSU Politburo. I may or may not take it into account in my work, but if I consider myself a real communist, of course, I will take it into account.

[Lyubimov] It is my view that this law was adopted very hastily, prematurely. The KGB should have been reformed first, some kind of measures to raise the standing of the KGB in the eyes of the people should have been taken first. Just look, take the past—when Chekists are spoken about, this is a terrible word. What can be said about the Cheka, the OGPU, the NKVD, and so forth which shed blood on the country, except if one were to take the part of the intelligence service which did not participate in this at all and execute 100 percent of the part that did, and this of course applies to employees of the organization during the war. These are two more or less bright periods. Later a thorough hatchet job on the nation was begun. So Kryuchkov should have started by saying that we are now beginning a perestroyka, we will draw a line under the traditions of the Cheka and the

OGPU. It is necessary to break with these traditions and not set up a museum of Cheka glory. What glory? What are we talking about?

[Video caption reads: "Turncoats" (oerevetsyshi)]

[Lyubimov] I was also included a number of times among the turncoats, that is a variation of traitor. It seems to me that we are simply dealing here with an old, already rusty and completely uncivilized language. But I wonder how Kryuchkov would look in the eyes of the Brezhnev leadeship. He faithfully served Andropov and Brezhenv, but virtually in recent years this course has been completely changed. So if the fathers of the stagnant period, Brezhnev, were to rise from the grave now, and we listened to what they had to say—that the current leadership was following their course? What would they call them? Cries of treachery would probably be heard.

It seems to me that it is time to forget this language—hypocrites, Trotskiyites—our contemporary revolution is underway here. It should be said that there is a battle of opinion, and one should be respectful toward this. Kalugin and others in no way wish to dissolve the committee and leave our state without national security bodies. Kalugin wishes to support democratic reform within the KGB and wants to streamline the organization, to make it effective and to liberate the people from the burden of expenditure which they bear, which is in our budget, and which the people bear.

[passage omitted]

[Video caption reads: "Traitors"]

[Korolev] I repudiate the idea of treachery as such, but I can understand these people. Of course, every incident of treachery needs to be looked at separately. There are always circumstances and conditions into which the individual has got himself, and so on. I will cite the example myself, how my world outlook was transformed. I joined the body. I did not want to develop my career there, I just wanted to join the battle for communism. I considered that I would be of most use in this area because I did not join the party because I was obliged to join but because I thought: Yes, I am a communist, I will be one, I will become a better person, and so on. But in time, all the more so in operational work where we have masses of information which other people do not have, when we discover how the party superiors of one rank or another live, when you see all this, disillusionment naturally sets in. You think: So that's what these workers are like.

[Lyubimov] Of course, your patriotic feelings got blunted. They got blunted. So that is one of the factors why so many people crossed over to the West. I think a lot of them went perfectly sincerely. A second factor is the selection of cadres, which was done according to the principle of devotion to communism. It was a very formalistic selection: How can you be devoted to ideas which died out at the beginning of this century? It sounds ridiculous. So that is the basic source of flight and desertion.

Of course, I'm not talking about the fact that a lot of people crossed over for selfish reasons. After all, powerful Western apparatuses are working against our intelligence, catch people in their nets and give them the necessary brainwashing.

[passage omitted: brief clip from film captioned: "Informers"]

[video: caption reads: "Informers"]

[Korolev] There is a very big difference between a citizen of the Soviet Union who cooperates with the FBI. [sentence as heard] An inhabitant of the United States, a person brought up in a democratic tradition, also (evaluates) the situation, but he has a completely different approach to this cooperation. He is prepared to expose the drug barons. Any honest, decent citizen of the United States considers it an honor to ring the FBI and report that some individual who has hidden something is probably a KGB agent. That is a great honor for him, and his conduct is absolutely right.

But the mentality of people who live in our country is completely different. They have been brought up believing that they do not have the opportunity to fulfill themselves, to acquire what they would like to acquire, including a position in society. They all realize that if they refuse to cooperate with the Committee when asked to, they will achieve nothing. But if they agree to cooperate, their career will take off, they will be able to travel abroad. Their scientific work will be published, or their books will be accepted, and so forth.

[Lyubimov] I think the words "informer" or "grass" are not so much typical of the KGB as of the entire system in our country. During my time as a station chief, for example, I met many people, not just agents. Very often I encountered volunteer informers, as they are called. They would ring up and tell you something, or communicate in some other way. In other words, I don't think this is a problem of the KGB but of our whole society. People like to lodge complaints, to write poison pen letters against someone, to send a signal, a term which has been in use in our country for a very long time.

You see? It seems to me we need to look at things realistically, the KGB can't work without agents. It is a secret police. So I, for example, respect those who cooperate with the security bodies, but of course they should be different. They should be democratic security bodies, not carrying with them the terrible label of the Cheka.

[Korolev] Every year a KGB worker is obliged to enlist at least two people. Just think how many people there are that are operatives in the body, and each of them enlists at least two each year. Twenty million agents of various types—I mean agents, proxies, owners of safehouses, and so forth. Twenty million. Is that normal? It is a society of total surveillance. It was just the same under Hitler in Germany, and under Stalin here. It's still here. So there you have the possibility of a return to totalitarianism, to dictatorship, to Stalinism, to anything you like. You see?

[passage omitted: brief recording Kryuchkov speaking about deploiticization of the KGB]

[Korolev] I share this idea of repentance. I have repented before God, as they say, and the fact that I am speaking in the press, to you, is an act of repentance. I don't share the opinion of those people who say: Look, repentance is something deeply personal, and it is indecent to strip yourself naked in front of the whole people. No, you see, of course there are different sins. There are sins which you do indeed have to repent of alone with yourself, or, if you are a believer, to confess in church. But there are sins which society doesn't know about, but they are committed. I committed these sins.

I was a bearer of evil. I would like people to know that this system is such that it makes its staff bearers of evil.

[Lyubimov] You know, in principle I am for repentance, but it seems to me that repentance from the rostrum of television or by means of some sort of political declaration has something of a theatrical character. Action is the best means of repentance. If the Committee is now really going to start showing its people that it intends to genuinely serve it, that it will embark on cuts, on reforms, then that will be the very repentance that everyone is waiting for from it.

[Korolev] The crimes are continuing now, too. I can quote specific examples: Counterintelligence is actively engaged in exposing its operational targets to chemical and radioactive substances. The aim is to enhance the efficiency of operational observation both of the targets and of the things that belong to them.

[Lyubimov] This should also be repented, and one should repent for the system that we all served.

[Korolev] I would begin by carrying out depoliticization of the bodies. I would abolish the application of the military standing orders there, that is, I would deprive it of all military titles. I would divide intelligence and counterintelligence, if only because there is in practice no benefit in them existing together, there is only harm. The shame of it is that since one leader, the chairman,—I don't want to say that Kryuchkov does this or intends to do it—I am just taking an abstract person, the chairman, who has the opportunity, should he wish it, to feed information both to intelligence and to counterintelligence, in his own interests or for the ends of some party that he belongs to, in a light which is of benefit to his party or to himself personally. You understand? But if they were different organizations, that is, with two leaders, then, if you please, this would make for a kind of healthy competition.

[Lyubimov] I would first of all define the aims of the committee. First of all, I would work out a system of national security, although this is not to Kryuchkov's liking. Never mind that it would not be perfect. And for the ends which the State Security Committee has to fulfill—of course, I would by no means call it the KGB, because that gives one the shudders,—for these ends I would recruit the cadres. There has to be the outline. That is how I would begin, I would begin with the outline.

[Tsvetov] If anyone wants to call those participating in the program denigrators, I would advise them not to be hasty in their conclusions. I will permit myself a lengthy quoteation: The problem, it seems to me, consists in working out as quickly as possible the mechanisms of supervision on the part of the Supreme Soviet and the government which would make it possible to avoid the slightest opportunity for application of the very sharp arsenal—the arsenal at the KGB's disposal is in mind here—in the interests of some individual or group of people to the detriment of the interests of the state and of the people.

This was written by one of today's KGB leaders, who hid behind a pseudonym, it is true. But are't the participants in the "From to From" program pursuing the same aim that the current KGB general spoke of? They have, of course, spoken out more decisively and frankly, but it was also easier for them to do so. [passage omitted; excerpt of Kryuchkov speech opposing depoliticization of the KGB]

Organized Crime Said Used To Sabotage Reforms

AU0107171991 Frankfurt/Main FRANKFURTER RUNDSCHAU in German 1 Jul 91 p 1

[Report by Marc Frey: "Organized Crime Is Increasing in the USSR"]

[Text] Frankfurt/Main—Organized crime in the Soviet Union is increasingly posing a threat to perestroyka. This assessment was made by Aleksandr Ivanovich Gurov, deputy interior minister of the Russian Republic and head of the department "Fight Against Organized Criminality" in the Soviet Interior Ministry. The official participated in a discussion of experts organized by FRANKFURTER RUNDSCHAU on the topic "organized crime."

Gurov painted a gloomy picture of criminality in the Soviet Union. The damage to the Soviet economy is estimated at 250 billion rubles. "Certain conservative forces who are against perestroyka use criminals to create supply bottlenecks," Gurov stated. This problem is most serious in the southern republics, with the exception of Kirghizia and Kazakhstan. However, the highest rate of criminality is in Russia itself.

There have always been criminal gangs in the Soviet Union, Gurov said. A Western-style "mafia," however, has only started to develop since the introduction of perestroyka and the liberties that are linked with it, particularly in the economy. The laundering of money was not widely observed in the past, but since 1985 it has rapidly increased. Gurov urgently called for efficient laws to combat organized crime. Corresponding drafts have so far been blocked by the Council of Ministers, he stated. "The population is afraid of the increase in crime." This is being skillfully exploited by certain circles and leads to an increase in the number of people who long for the "good old days."

According to Gurov, the Soviet mafia has already started gaining a foothold in the West.

Internal Affairs Employee Organization Formed

PM0207083691 Moscow PRAVDA in Russian 28 Jun 91 Second Edition p 2

[Interview with USSR People's Deputy A. Zemskovaya by A. Rostovtsev, staffer at the USSR Ministry of Internal Affairs press service: "We Shall Protect Ourselves..."]

[Text] An Association of Professional Amalgamations of Staffers of the Country's Internal Affairs Organs is being established. What is this? We put this question to USSR People's Deputy A. Zemskovaya, the leader of the action group.

[Zemskovaya] We looked at a package of organizational documents proposed by the action group and discussed how in practical terms we could implement our staffers' right to unite in social organizations to defend their professional interests. As you know, we are empowered to do this by the USSR Law "On the Soviet Militia."

[Rostovtsev] What has actually already been done?

[Zemskovaya] A coordinating council has been formed to set up professional associations of workers in internal affairs organs. On the basis of our group's proposals, a decision has been taken to start organizational work in subunits. On the whole we are just being born...

[Rostovtsev] What will the association do?

[Zemskovaya] Its purpose is to establish social and legal protection for the interests of our workers, and to improve the organization of the service, day-to-day life, and medical services.

Media Censorship Administration Closes 1 Jul

LD3006182991 Moscow All-Union Radio Mayak Network in Russian 1630 GMT 30 Jun 91

[Text] As of tomorrow—that is, 1 July—the Main Administration for Safeguarding State Secrets in the Mass Media—the USSR GUOT—will cease to exist. Its functions, in keeping with a decision of the Soviet Government, should be passed to a newly created USSR Ministry of Information.

In accordance with the decision, former staff of the censor received a dismissal allowance. They will continue, however, to work on a voluntary basis, and will fulfill their duties even after 1 July, because the new ministry has not yet been established, the minister has not been appointed, and there is no one to maintain the endless cycle of protecting state secrets, a Novosti agency correspondent was told in the former GUOT.

Laptev Stance on Changes at IZVESTIYA

PM2806134291 Moscow KOMSOMOLSKAYA PRAVDA in Russian 27 Jun 91 p 1

["Own information" report: "Ivan Laptev's Minority Opinion"]

[Text] Moscow—At yesterday's IZVESTIYA editorial meeting, the newspaper's chief editor N. Yefimov announced that the USSR Supreme Soviet Presidium had examined on the previous day the text of a reply to the deputies' question on the situation at IZVESTIYA.

You will remember that the issue concerns recent personnel reshuffles among the IZVESTIYA and NEDELYA leadership. Most of the journalists at these publications and the deputies who submitted the question believe the decisions taken contravene the Press Law, run counter to the collective's opinion, and are aimed at altering the course of the popular publications and overthrowing glasnost.

According to N. Yefimov, after consulting lawyers A. Lukyanov forwarded for examination in the Presidium the text of a reply in which all the decisions adopted are described as fully in accordance with the law and existing practice. All members of the USSR Supreme Soviet Presidium supported this text, apart from I. Laptev, former chief editor of IZVESTIYA and chairman of the Soviet of the Union. He declared a minority opinion, and intends to take it as far as the USSR Supreme Soviet.

GLASNOST Chief Editor Izyumov Interviewed

PM2806153391 Moscow PRAVDA in Russian 27 Jun 91 Second Edition p 6

[Interview with Yu. Izyumov, chief editor of the weekly GLASNOST, by correspondent N. Demidov; time and place not given; first paragraph is editorial introduction: "From the Standpoint of GLASNOST"]

[Text] The weekly GLASNOST began appearing one year ago. Despite such a short period of time for a periodical, the new newspaper has found a readership. Today Yu. Izyumov, chief editor of the weekly, answers our correspondent's questions.

[Demidov] Yuriy Petrovich, what does the editorial office collective see as its main task today? What is the publication's position amid the complex upheavals of the present?

[Izyumov] It is simple to formulate its main task: Giving readers truthful, objective, and multifaceted information on all questions of interest to readers.

GLASNOST seeks to continue Soviet journalism's tradition of love of truth, although this sometimes demands even greater courage than in the times of stagnation. And getting information has sometimes been more difficult in our new, ostensibly democratic structures. We have recruited a small, but harmonious collective of highly skilled journalists. And they have come to this newspaper, established by the CPSU Central Committee, at a time when people certainly do not join the party and its press "in search of fortune and advancement." They are honest, courageous people.

We do not perceive glasnost and democracy as meaning total license and anarchy. The party, in our view, is the sole force which is countering the disintegration of state and society. The GLASNOST collective regards defending the CPSU as its party duty. Although this does not mean that we neglect shortcomings in the work of its organizations. We criticize and take up acute issues, helping as much as we can the process of restructuring the party itself, which is vitally necessary for it.

In general, however, we support everyone who wants our country to emerge from these severe trials a renewed and truly democratic great power, whatever parties or groupings they belong to. We do not subscribe to the principle that "those who are not with us are against us"; "those who are not against us are with us" is closer to us.

And another principle: You can not harp on daily about our long-open sores and new shortcomings. Each issue of GLASNOST carries articles which give people confidence and help them cope with adversities.

[Demidov] So, a year is a short period for a newspaper, but clearly the attitude of subscribers and readers to the newspaper has already become defined. Do their letters and responses to your articles bear witness to this?

[Izyumov] Readers' attitude is best indicated, in my view, by the following figures. At the paper's launch we had 2,000 subscribers, for the new year—243,000. And that is virtually without publicity or any efforts whatsoever on the part of distributors.

This rapid growth in mail is gratifying to us. We get both brickbats and bouquets. We are offered a very great deal of advice, most of it practical, intelligent, and always committed. The following, for example:

"GLASNOST's authority and circulation will grow if the newspaper covers the mistakes and miscalculations made by our party's leadership in a reasonably critical and objective fashion;"

"The topic 'Democracy needs to be defended even from democrats' should be developed in a more hard-hitting way."

We seek to make maximum use of our readers' wishes in order to improve the newspaper—here the editorial office still has plenty of work to do.

[Demidov] There is now tough competition among publications of the most diverse tendencies. How do intend to survive in the information market, how do you see your prospects?

[Izyumov] GLASNOST has from the very outset existed on its own earnings. And we share with other publications the problems of survival stemming from increased postal charges and prices for paper and printing. We have to tackle them all together.

The standard of each publication depends first and foremost on who writes for it. We seek to attract the collaboration of as many outstanding, interesting authors of the most varied kind as possible. Recently a public council was created in the editorial office, which was joined by CPSU Central Committee members N. Gubenko, A. Denisov, N. Laverov, R. Medvedev, K. Nikolayev, B. Oleynik, T. Sakhalov, V. Starodubtsev, and M. Surkov. The council has been set up to do a job, not for the sake of form.

The editorial office determines the newspaper's content on the basis of readers' wants. We will continue our prevailing thrusts and popular rubrics, like "Who's Who," "Political Passions," and "Official, Unofficial, and Confidential," and in every issue we will respond to the most pressing questions received by the editorial office. The publication of documents from the archives of the CPSU Central Committee and the personal archives of well-known figures in it, which have invariably generated great interest, will become more regular.

Working people have disappeared from the pages of the press, supplanted by political battles. It is necessary to reinstate them there. We will write about working people and their honest success.

As yet, not everything here is as we would wish. The newspaper has its share of difficulties. But its collective does regard the future with optimism. Optimism based on belief in our party and the fact that GLASNOST already has many true friends and helpers, whose number is constantly growing.

Ministry Opposes Sakhalin Government's Gas Plans

LD0107105391 Moscow Radio Moscow World Service in English 1900 GMT 30 Jun 91

[Text] A conflict has erupted between the government of the island of Sakhalin, in the Soviet Far East, and the National Ministry of the Gas Industry. The Sakhalin Governments wants to use credits from a consortium of U.S. and South Korean companies for the development of local gas deposits. The credits would be used to buy know-how and equipment, and would be paid back in natural gas. The consortium has pledged to buy Sakhlain gas for the next 30 years, and pay internationally accepted prices.

But the ministry would like to set up a joint venture on the island, which would demand substantial hard currency investment from the Soviet partner and major investment from the Western companies. The ministry insists the Sakhalin Government has no authority over the (?shelf line), since it belongs to the country as a whole.

Union Fund for Combating Unemployment Set Up

LD2706213391 Moscow TASS International Service in Russian 1145 GMT 27 Jun 91

[By TASS correspondent Igor Agabekov]

[Text] Moscow, 27 Jun (TASS)—The main task of the All-Union Fund for Combating Unemployment [Obshchesoyuznyy fond borby s bezrabotitsey] created here today, is to ensure the social protection of working people.

In conversation with a TASS correspondent, Anatoliy Kapustin, the fund's executive director and a USSR people's deputy from the trade unions, emphasized that "the need to create the new organization is dictated, above all, by the country's transition toward the market and by the consequences that this step will entail."

In 1930, when the last Soviet person out of work was ushered into a job to the sound of music, officials proudly declared that that social evil had been "ended once and for all" in the USSR.

Throughout the six decades that have elapsed since then, there has actually been no unemployment, at least not officially. But there was constantly a hidden form of unemployment, especially in the Central Asian republics, where population growth is highest.

In recent times, however, unemployment in the USSR has made its presence felt more and more.

The coming into operation of market mechanisms in the USSR in January 1992 calls for changed approaches both to administrative structures and to the problem of the social protection of the citizens who will end up as unemployed.

The RSFSR law on employment of the population comes into force on 1 July this year. "Unemployed": and "unemployment benefit" become officially recognized terms. According to experts, the number of people who will be out of work in the country's largest republic, with a population of 155 million, will be at least 5 million. However, statistical data shows that, in this same republic, there are about 1 million unfilled vacancies in production.

The "Moscow Labor Exchange" has already started to operate in the center of Moscow. According to the forecasts of its specialists, some 60,000 persons will register at it soon. By the end of the year, the exchange's material and other assistance will be needed by 300,000 persons, according to general director Igor Zaslavskiy. It is thought that the official unemployment benefit will not exceed 200 rubles [R] per person.

According to preliminary assessments, the implementation of the Russian law on employment alone will cost R12-13 billion. The money paid by enterprises into the employment fund will be spent not so much on the payment of unemployment benefit as on the implementation of measures to prevent unemployment as such.

Popov Reforms Aimed at Shift to Market Economy

LD2906075791 Moscow Radio Moscow World Service in English 0800 GMT 27 Jun 91

[Text] Yuriy Luzhkov will head the city government of Moscow, which is being set up in keeping with the reform of running the affairs of this multimillion resident city. The newly elected mayor of Moscow, Gavriil Popov, is carrying out the reform in order to create strong and effective power in the current difficult period of shifting to market relations. In his opinion it is particularly important for the city authorities to assume social protection of insecure sections of the population. A city assembly is being established as a consulting agency to feature representatives of different parties, groups, and public movements.

Interrepublic Economic Commission Meets

PM0107101391 Moscow PRAVDA in Russian 29 Jun 91 Second Edition p 2

[TASS report: "Toward a Coordinated Decision"]

[Text] Everyone understands that the year ahead is going to be a difficult one for the country. How to alleviate as much as possible the effects of negative factors—that question was discussed at a session of the interrepublican economic commission held 28 June under the chairmanship of V.Kh. Doguzhiyev, USSR first deputy prime minister.

Attention focused on the draft concept for material and technical supply to the national economy for 1992.

The idea of the need to create a Union-republic import substitution program was expressed. This proposal was approved. A month has been allocated for the creation of the program.

Price policy questions were examined in detail. The urgent need for the coordinated implementation of this policy in the framework of a single economic space was stressed. The resources balance and the stability of the material and technical supply to the national economy in the year ahead are very dependent on this.

Bonner on Establishment of New Democratic Party

*OW0107102791 Moscow INTERFAX in English
1530 GMT 29 Jun 91*

[Transmitted via KYODO]

[Text] The widow of Academician Andrey Sakharov and well known human rights activist Elena Bonner has spoken today, Saturday, at the intellectuals' club "Moscow Tribune" criticizing sharply the published draft Union Treaty.

She was particularly critical of Clause 5 which, she says, "enables the republics to suppress at their will the minorities and autonomous regions." The clause has been already applied, points out Bonner, even before concluding the new Union Treaty "taking the tragedy of Nagorno-Karabakh to an international level, with Azerbaijan's Supreme Soviet venturing to cancel autonomies. The clause is monstrous", continued Bonner, "there was no such thing even under Lenin, Stalin, or Brezhnev. We must alert the world's public to it".

"If Stalin deported nations unlawfully, then after passing this Union Treaty with such a clause the same could be done legally.".

Concerning talk of setting up a new democratic party, Elena Bonner says it can be seen with the naked eye that this is to be an elitist party. "Members of the Communist Party elite without political affiliation are seeking a field for activity. We should stop pinning our hopes on some sort of new leader."

Principles of Civil Legislation Viewed

*PM0107103391 Moscow IZVESTIYA in Russian
27 Jun 91 Union Edition p 3*

[Article by M. Krushinskiy: "Let There Be More Securities!"]

[Text] Until I was acquainted with this document I did not think there were so many of us. Or to be more precise that we are so diverse. Or to be even more precise that the complicated nature of mutual relations between us requires such a high degree of terminological refinement. It turns out that life has made us not only ordinary customers with sellers, clients with contractors, or shippers with freight dispatchers. The agents of the future market have somehow imperceptibly slipped into our environment borrowers and issuers of loans, shareholders, patent holders, and other owners, dividing us into brokers and clients, lessees and leasers, insurants and, please do not confuse the two, insurers, legatees and bequeathers...

Of course I have cited only a small part of the gallery of corporate bodies and individuals which decorated the pages of the previous issue of IZVESTIYA allocated to the text of the Basic Principles of Civil Legislation of the USSR and the Republics. This very extensive document is still to be studied by conscientious and meticulous researchers. It is to be supposed that they will compare it with existing foreign models and with the 30-year-old Soviet model whose days are now numbered. The task of my fast-reaction commentary is modest: To voice my first, second, and at the most third impression of what I have read.

And so, in order: Let us take the first as having been already stated. The second, we have nonetheless not lived these past few years completely in vain. And it is wrong to say that the changes have touched only on the sphere of words and not affected deeds. Our ideas about many fundamental things have changed, without which no serious change in the destiny of the fatherland is possible. Only two or three years ago we could not even dream of such a developed talk, in legal language, about, for instance, property relations, the mutual rights and duties of citizens, organizations, and the state in the entire vast range of conceivable human situations. I do not even mention "trifles" like the restoration of the half-forgotten promissory note, copyright, or the introduction of the concept of "the protection of industrial secrets" (would you believe it—like the "big boys").

That in the section on ownership the compilers of the Basic Principles contrived not once to use the word "private" is another matter. We shall consider that the actual fact of granting citizens the opportunity to own virtually any property "for consumption or production purposes" (its composition and cost are of course unrestricted) means for us, to use an old-fashioned expression, a revolutionary leap forward.

I can not say (this is my "third impression") that the legislator's approach toward the subtleties of economic relations always seems to me to be sufficiently substantiated. For instance, the introductory section of the document speaks quite well about the struggle against monopolism but the chapter devoted to transport shipments again surrenders us ordinary passengers and freight recipients to the power of the monopolist shippers. At any rate as before it is proposed to resolve the conflict by relying mainly on transport statutes and codes which, naturally, have not been elaborated by the consumers of these services.

I admit that I personally do not very much like the state organs' exclusive right to issue a patent to inventors and even the "bridle" on the increase in apartment rents. Experience should teach us that attempts artificially to keep a price below the point of balance most often leads merely to the enrichment of those bureaucrats who are "at the controls." I do not dispute that we cannot manage without price "ceilings" as a temporary regulating measure, particularly at first, but do we really need to enshrine them in legislation?

Actually, we have before us not even a law but "Basic Principles"—a kind of "act above the law" for whose implementation its own legislative infrastructure is needed. I would compare it with a road sign regulating street traffic. Something essential, but our safety on the main routes of the market will be determined by much else as well: by the quality of the asphalt, the professional training of the traffic directors, and, of course, by our own readiness to observe the rules and apprehend violators.

Uniting into joint-stock companies and other economic formations, including peculiarities like "full" and "limited" partnerships, I would like t think that we are approaching a civic society. Ultimately even the gulf between creditors and debtors is not very great. Not to mention borrowers and issuers of loans. And in general it would be better for us all to be holders of securities rather than grudges.

Security at Sheremetyevo-II To Be Tightened

PM2806123991 Moscow PRAVDA in Russian 28 Jun 91 First Edition p 3

[Report by V. Miroshnichenko and B. Pipiya: "No Standing On Ceremony"]

[Text] Moscow—Proper order will be established before the end of the summer at the Sheremetyevo-II airport complex. A joint order on stepping up the fight against crime at the international airport has been signed by the ministers of internal affairs and civil aviation.

Representatives of internal affairs organs, the KGB, Moscow City Soviet Executive Committee, the prosecutor's office, civil aviation, customs control, and border troops met yesterday in the hall of the USSR Internal Affairs Ministry Collegium to discuss this vexing problem.

Colonel General V. Trushin, the country's deputy minister of internal affairs, announced in particular that over a 10-day period administrative action had been taken against around 1,600 people at Sheremetyevo-II. At the same time, the general noted that the work is not up to scratch and not all services are addressing their duty to establish order at the airport.

In the present situation you can take anything—from weapons to drugs—on board an aircraft at Sheremetyevo-II. Porters, waiters, trade staff, and medical personnel have free access to the restricted zone of the airport and to the runways. As a rule, they are not inspected. Often passengers pass through the VIP lounge without having their baggage or hand luggage checked. One should follow foreign practice here: All air travelers are checked regardless of rank or position.

A. Peshkov, deputy chairman of Moscow City Soviet Executive Committee, announced that the situation is just as bad at all the capital's airports today. Moscow City Soviet is receiving sacks of mail about, to put it mildly, the lackadaisical treatment of passengers. In the very near future steps will be taken at Moscow's airports to regulate the siting of cooperative stalls and to provide proper car parking and cab ranks...

Ivashko, Frolov Speak at Moscow News Conference

OW0207052891 Moscow INTERFAX in English 1800 GMT 1 Jul 91

[Transmitted via KYODO]

[Text] Deputy General Secretary of the Soviet Communist Party, Vladimir Ivashko, has said a CPSU congress or conference will be held later this year or early in 1992 to discuss a new party program. He was speaking at a news conterence in Moscow on Monday after a session of the CPSU Program Commission.

In reply to one of the questions, Mr. Ivashkov said that Politburo member Aleksandr Yakovlev had not taken part in drafting the new CPSU program.

Another Politburo member, Ivan Frolov, said the work on the draft had involved "serious scientists and practical workers" who had not, however, "made any noisy statements to attract public attention to themselves."

Both communist leaders denied that there were plans of renaming the party. According to Mr. Ivashkov, "There is no need in it," and Mr. Frolov sees a "sad tradition" in the fact that "nearly all of the renamed parties have ceased existing." He said: "We will continue defending communist ideals as a goal of the rather distant future."

Dwelling in detail on the issue of party unity, the two officials predicted that "CPSU members voicing anticommunist views would be unlikely to stay in the party." Ivan Frolov described anticommunism as a phenomenon "generally dangerous to the party and the nation." At the same time, "active supporters of retrograde ideas wouldn't be likely to find a place in a reformed CPSU, either."

Neither party leader agreed to comment on the prospect of setting up a new broad-based prodemocracy party, since its program, social composition, and goals were "totally unknown" to them. Mr. Ivashko observed that "we are neither seeking a break-up of the Communist Party, nor dramatizing our internal difficulties or fearing the emergence of some new parties."

V. Ivashko and I. Frolov declined to comment on ex-Foreign Minister Eduard Shevardnadze's recent statement the need to found a prodemocracy opposition movement in the country.

TASS Reviews 2 July Press

LD0207065991 Moscow TASS in English 0637 GMT 2 Jul 91

["Soviet Press Review"—TASS headline]

[Text] Moscow, July 2 (TASS)—President Mikhail Gorbachev met Roger Bone and Nigel Wicks, who represent British Prime Minister John Major, during the preparation of the G-7 meeting in London, here on Monday, PRAVDA reports.

Wicks spoke about traditions and rules in the work of this regular meeting of leaders of the seven states and questions they are interested in meeting the USSR president in London. [sentence as received] Mikhail Gorbachev expressed in general form considerations he relies on while preparing for the meeting. They agreed on contacts between experts in the next two weeks. Gorbachev met Sh. Aizenberg, president of the Aizenberg group of companies financial corporation in the Kremlin on Monday, PRAVDA reports. The sides had a detailed talk on the prospects for mutually beneficial cooperation in cotton-growing and interaction in civilian aircraft manufacturing.

Gorbachev also met Canadian businessman Albert Reichmann on the same day, PRAVDA reports. Reichmann's company completed preparations for a joint oil project on the territory of the Komi republic with Soviet partners.

In a message published in today's PRAVDA, President Arpad Goncz of Hungary expressed gratitude to President Gorbachev on the occasion of the completion of the Soviet withdrawal from Hungary.

In a reply telegram, also published in PRAVDA, Gorbachev thanked the Hungarian president for the message, stressing that "now, when the last Soviet soldier has returned home, we can note with satisfaction the vast and complex work that has been done. It should be completed with an agreement on a just realisation of the Soviet Army property remaining in Hungary."

Mikhail Gorbachev reiterated that "the Soviet leadership is determined to build relations and expand cooperation between our two countries on the basis of trust, good-neighbourly relations, equality and mutual benefit in order to promote stability and peace on the continent and international security."

As leader of the Soviet Communist Party, Gorbachev extended cordial congratulations to Do Muoi on the occasion of his election as general secretary of the Vietnamese Communist Party. In the message of greeting, published in PRAVDA, the Soviet leader expressed certainty that "traditional relations of friendship and cooperation between the Soviet Communist Party and the Vietnamese Communist Party and between the Soviet and Vietnamese people would continue to grow."

The Soviet Communist Party Central Committee Secretariat expressed "readiness to continue and promote long-running friendship and cooperation between the Soviet Communist Party and the ANC" in a message to delegates to the national conference of the African National Congress, PRAVDA reports.

The opening of the conference "is the result of a selfless struggle of the people of South Africa under the leadership of the ANC against apartheid, of a broad international support of the struggle and actions by realistically-minded circles in South Africa," the message said.

President Mikhail Gorbachev and U.S. President George Bush will hold a working meeting in London on July 17, newspapers report officially.

SOVETSKAYA ROSSIYA publishes an article by Russian People's Deputy Sergey Baburin, who writes about the prospects for the signing of a new Union treaty.

The newspaper carries a TASS interview with Russian Communist Party leader Ivan Polozkov, in which he comments on his recent visit to China and the prospects for cooperation between Russian and Chinese communists.

RABOCHAYA TRIBUNA comments on the forthcoming G-7 summit in London and its impact on cooperation between the Soviet Union and the West's leading industrialized nations.

Economic

Pavlov Addresses Economic Development Conference

LD0207120191 Moscow All-Union Radio Mayak Network in Russian 1100 GMT 2 Jul 91

[Text] A conference of the leaders of Union and autonomous republics is taking place in the Kremlin today, with Mikhail Sergeyevich Gorbachev, the country's president, chairing. The preliminary results of the country's socioeconomic development in the first six months and the economic forecast for all of 1991 are being discussed.

A report was delivered by Prime Minister Valentin Sergeyevich Pavlov. The main—and sorry—result of the first half year is the continuing recession in production, the head of the government stated. This is not a natural disaster, but a logical consequence of the old economic policy, the prime minister emphasized. A change of policy is inevitable, but we are being tardy about it, he said.

Among top-priority measures for the second half of the year, Pavlov named provisions for the harvest and for preservation of the crop. According to available estimates, it will be lower than last year's. In order to supply the country with food and have operational flexibility in food resources, the prime minister thinks that state purchasing needs to be maintained in the form of a contingency stock. At the same time, in his opinion it is necessary to permit the sale of a minimum of one-third of the produce at free prices.

The supply of fuel to the economy is no less important a problem. Pavlov thinks that management of the fuel and power complex should remain centralized, because not a single republic will be able to fully provide itself with fuel.

Shcherbakov, first deputy prime minister, who then spoke at the suggestion of the country's president, emphasized the need for urgent implementation of a joint anti-crisis program of the Cabinet of Ministers and the governments of the sovereign republics.

The conference continues.

Yakovlev Comments on Proposed Partnership Program

PM0107161091 Moscow MOSCOW NEWS in English No. 23, 9-16 Jun 91 (special supplement) p 6

[Article by Aleksandr Yakovlev, senior adviser to the President of the USSR: "Wishes And Capabilities:]

[Text] We are being offered a long-term proposal which envisages a considerable influx of American investments in the USSR, mainly in the sector of free enterprise, to be granted under joint and equal guarantees for these credits and investments.

The idea is that this will give the Soviet Union an emergence of entrepreneurship, a boost in meeting domestic market requirements, a rise in the technological level of industry, trade and communications, as well as a stimulus for the Republics to remain within the USSR.

For the United States—in the incoming economic period which is going to be extemely difficult for that country—this would provide a powerful source of jobs at home, economic activity, as well as financial-economic competiveness on both the foreign and domestic markets.

The concept's practical and political potential is natually not limited to this. Its long-term consequences cannot be taken into account in full measure today either for the USSR or for the US. Much will be determined by whether the two countries' relations will develop along the lines of partnership or whether they will be attented by periodic eruptions of tension and hostility.

In the event that the PFP [Partnership for Progress] programme gets carried out, of paramount importance will be the question of "who will prevail". It stands to reason that the US will receive its share of benefits and the possibility to influence our internal affairs. But given such a scope of investments, we, also, will receive an opportunity to influence Washington's foreign and domestic policies. The experience of other countries makes it possible to surmise that the likely result will not be the one-sided subordination of someone, but both states' high and intricate interdependence.

On the whole such interdependence seems rather positive than negative for us in at least two aspects. It is clear that we shall have to pay with something and in some way for our entry into the world economy. The existence of powerful US interests in the USSR will rather lower than increase the aggregate quantity of this pay. Moreover, this interdependence would in itself become an additional guarantee of military-political stability in Soviet-American and international relations. Last but not least, it is logical to suppose that in some (so far hardly definable) degree such interdependence would keep both countries' internal development from extremes (not an idle question in the long term).

The implementation of the proposed concept seems to be realistic, but will call for immense preparatory work both on our part and from the American side. The difficulties will be of a dual nature.

Legislation: the problem is primarily for us, but for the US as well, for it will have to adapt to our internal specifics, which will inevitably exist, given any turn of events in the USSR in the foreseeable future. There are, after all, practical issues bearing on the converitibility of the rouble, the mechanisms of cooperation, etc. All of this is capable of generating its own conflicts, including those at the political level, and nourishing and temporarily intensifying the already existing conflicts. These obstacles are surmountable, but there is a need to see them and be prepared for them.

Ideological and inner-political difficulties seem to be more complicated. The proposed concept "ideally" fits into the populist charges, now widespread in our country about a "sell-out of the country", "a turn to capitalism", "A surrender to Western capital", etc. In this respect it is much more favourable material for our right-wingers than the "ANT case" or the "case of 140 billion". And most importantly, a material that has not been falsified. No one doubts that in the United States itself these proposals will trigger a storm of opposition on the part of its own right-wingers who will put forward slogans about the "impermissibility of assisting a communist regime and a potential military adversary", about a "US sellout to Soviet influence" etc. One consequence may be continual and strained battles in legislatures and in public opinion, which will most likely have their own period of ups and downs, advances and reverses and which will inevitably exert an influence but not necessarily positive influence, on the general state of Soviet-American and international affairs. This must also be borne in mind and understood when embarking on cooperation.

Conclusions:

a) the PFP programme being submitted for public opinion's judgement merits acceptance and support in principle, but calls for indepth elaboration in respect to all its economic, legal and other questions (including those of economic and national security) on our part;

b) the proposal is strategic in character and its implementation involves surmounting numerous difficulties, which is why the realization of the given concept must not be linked to the plans for tackling perestroika's immediate social-economic tasks. Given the best turn of events, the tangible return from the realization of the proposed concept will, in all probability, not arrive in less than five to seven years;

c) the scope of political difficulties, which will have to be surmounted in the event of adopting the given or similar concept—in the US and in the USSR alike—is such that it will require not only long-term will and resolve, but also strong governments on both sides, to which the fulfilment of this mission will be fully feasible in terms of domestic policy. On the other hand, the complexity and scope of the impending inner-political tasks can shake the positions of corresponding governments still more if for some reasons these positions prove to be insufficiently strong at a definite moment or period;

d) for all the self-sufficing nature of the political situation in both countries, contemporary life, however, will increasingly require cognized and responsible planning for the long term, and large-scale and superlong-term investments into the future, far exceeding the average political life expectancy of governments, statesmen or policies.

From every point of view the adoption and practical implementation in Soviet-American relations of something, which is in concept, scope and significance similar to the PFP conception seems to be not only highly desirable, but also historically necessary, and even inevitable.

Yavlinskiy: Cooperation Essential

PM0107160091 Moscow MOSCOW NEWS in English No. 23, 9-16 Jun 91 (special supplement) p 3

[Article by Grigoriy Yavlinskiy, senior adviser to the Chairman of the Supreme Soviet of the Russian Federation: "Prospects And Problems"]

[Text] Few people doubt that the two superpowers share serious interests. Therefore their cooperation looks especially promising.

A wide-scale cooperation of the planet's two most powerful countries can help the USSR and the US not only cope with their internal problems but also create a fundamentally new world climate. The choice of mainstream forms of cooperation will undoubtedly make such a plan more attractive, especially in the initial period. Cooperation between the two states and their private businesses will give an impetus to the establishment and development of a considerable private sector in the USSR.

For a cooperation project such as the Partnership for Progress [PFP] to become a reality there should be well-considered and detailed plans to build in the USSR and "open" economy, to make the rouble convertible, to expand the country's export potential, to adopt currency regulation and to design flexible incentives to attract foreign investments to the different sectors and regions of the Soviet economy.

Guarantees from the Soviet side are a serious problem. The Soviet government represented by the USSR vneshekonombank has for all intents and purposes stopped providing guarantees in case of commercial and credit failure because its solvency has plunged. Government guarantees would be trusted by private business more if it deposited in foreign banks sums of sufficient size under the present circumstance. The government sadly has no such sums. The availability of quickly convertible resources is one of the myths of the Soviet economy. The reliance on natural resources in lieu of credit guarantees poses more questions than it provides answers. If the project drafters see serious problems as regards provision of guarantees by the US, matching them by the USSR looks almost like science fiction. If there were found a mutually acceptable solution one could then speak of a workable concept of the PFP.

Goodwill between the two states is essential for the wide-scale Soviet-US cooperation plan to become a reality. The concept is based on normal trade and economic relations between both countries. In practical terms, however, there are export-import restrictions including those of the Cocom [Coordinating Committee for Multilateral Export Controls], unstable relations between banks, etc.

Soviet infrastructures can't even meet the minimal requirements of the PFP project. Soviet transport, communications, hotels, etc., can't ensure services acceptable for business. Suffice it to mention that you can dial abroad only from Moscow and only from two or three thousand telephones. Thus it would take considerable investments.

We're confident that broad-based cooperation between the two great powers of the USSR and the US is in their long- and short-term interests. It is essential and called for by the times.

Zaslavskaya 'Sufficiently Wary'

PM0107160291 Moscow MOSCOW NEWS in English No. 23, 9-16 Jun 91 (special supplement) p 4

[Article by Tatyana Zaslavskaya, USSR People's Deputy and full member, USSR Academy of Sciences: "Will Our Grandchildren Have To Pay?"]

[Text] The authors of the project proceed from the principle of mutual, and equal, division of risk and reward by both countries' citizens, enterprises and governments. On the other hand, the government of the USSR is being ade responsible for the Americans' enterprising risk. With the help of Soviet guarantees the authors hope to cope with the USA's negative balance of payments and overcome the crisis of the American banking system. We, however, are being comforted with assurances that the day of reckoning will not come all at once, but only in a few years. But come it will! Won't we as a result fall into the same pit from which the Americans will climb out? Won't we increase still more the debts which our children and grandchildren will have to repay?

The programme is avowedly predicated on cheap Soviet labour. It stands to reason that Soviet workers will be paid much less for their work by American enterprises than foreign workers. And not only due to lower skills and inferior quality but also because of the tradition of low wages which has taken shape in the USSR. A question arises: won't the implementation of the project result in artificially formalizing the low level of remuneration for labour in the USSR?

American enterprises will undoubtedly offer strong competition for Soviet entrepreneurship. After all, our enterprises will have patently inferior technologies, inferior quality of raw materials, inferior labour power (because the best workers will go to the Americans) and inferior market structures. Wages and salaries in American firms will be much higher than in their Soviet counterparts. In the event the project will be carried out on a big scale, Soviet enterprises—especially heavy industry enterprises—may be left without personnel.

My general atitude towards the project is sufficiently wary. Be that as it may, it merits discussion in detail.

Sitaryan Sets Conditions

PM0107160491 Moscow MOSCOW NEWS in English No. 23, 9-16 Jun 91 (special supplement) p 5

[Article by Stepan Sitaryan, Vice-Chairman of the USSR Cabinet: "Relations Should Be Normalized"]

[Text] A long-term concept for Soviet-US trade and economic exchanges and cooperation based on it has long been overdue. The very idea and the attempt to formulate at least one version of a joint concept are quite legitimate. Once the concept gets accepted, it would take some time to elaborate the details and provide funds before it gets implemented. Thus real results, if any, cannot be expected soon.

While the concept of a Soviet-US cooperation project is very attractive, it can only be implemented under the following conditions:

1. Normalization of the Soviet-US trade and economic relations, the granting of most favoured nation status to the Soviet Union, the elimination or the cutting to the maximum of lists of goods whose export and import are banned, the establishment of normal credit and banking relations between the two countries.

2. The signing of the Union treaty to formalize the territorial integrity and uniformity of the USSR and republican laws. Without this, the given project, if there is an attempt to put it into reality, would remain yet another programme much discussed in the press and expanded upon by endless instructions, decrees and executive orders.

3. The USSR should have a law on mortgages, primarily on the mortgaging of land. This would make it easier to get foreign credits without increasing the country's debts.

4. Raw material resources should no longer be looked upon as the only sources of repayment of debts and something foreign partners can buy for their rouble profits.

Sobchak Says Plan 'Realistic'

PM0107160691 Moscow MOSCOW NEWS in English No. 23, 9-16 Jun 91 (special supplement) p 5

[Article by Anatoliy Sobchak, USSR People's Deputy and Mayor of Leningrad: "I'm Ready To Help Work It Out"]

[Text] On the whole this kind of initiative can only be welcomed. The project has been professionally drawn up and is realistic.

But I also have both criticism and my own considerations regarding the organization of Soviet-American economic partnership. In November 1990, I mentioned these to President George Bush, Secretary of State James Baker and Secretary of Commerce Robert Adam Mosbacher.

The partnership must be promoted along the line of commercial credits obtained from private individuals, companies and banks. Loans are issued to finance specific programmes with safeguards from the state. Sectoral and regional bodies of state administration, associations of enterprises, individual enterprises and private individuals may be the recipients of loans.

On the whole I support this project and am ready to help work out its regional part (direct investments in regions, cooperation at regional, republican and Union levels) using Leningrad as the example.

Shmelev: 'Idea Almost Perfect'

PM0107160891 Moscow MOSCOW NEWS in English No. 23, 9-16 Jun 91 (special supplement) p 6

[Article by Nikolay Shmelev, USSR People's Deputy, D.Sc. (Economy): "Too Good To Be True"]

[Text] This is the main impression of the project. But it is obvious that if implemented, the main idea of the project can, over a long haul, be one of the fundamental elements of a new world structure, a world of cooperation rather than of confrontation.

As for the idea of the projects, its overall concept, it appears almost perfect. To do justice to the political daring and imagination of the originators of the concept, I can say they really look far ahead to the time when the present difficulties and snags in both countries have been overcome. I agree that in the long term the future and both powers' possible role in the world will be determined by things other than these difficulties and snags.

As regards the Soviet Union, I can see at this stage only three vulnerable things in the new concept: first, it underestimates the size of the coming chaos in the Soviet economy and the uncertain political and economic means to overcome it. Second, there are some illusions about making the rouble convertible through various forms of barter (I'm convinced that the rouble could be made convertible within one or two years with cooperation from the world financial community). Third, there's too much dependence on guarantees of the USSR government. The concept takes no account of the rapidly changing role of Republics. The concept can and must include them as guarantors (given of course their political and financial potentials).

RSFSR Premier Silayev on Economic Program

PM0207090591 Moscow IZVESTIYA in Russian
1 Jul 91 Union Edition p 2

[Interview with RSFSR Premier I.S. Silayev by R. Lynev; no place or date of interview specified: "People Cannot Eat Programs"]

[Text] [Lynev] Ivan Stepanovich, IZVESTIYA's readers are generally familiar with the complex history of Russia's economic program. Arguments, counterarguments, alignment of views, accord, and ratification—all this is behind us now. It all was certainly unavoidable. But here is a question which many people would probably like to ask: What happens next? What about the program's implementation?

[Silayev] Insofar as the Russian program is a synthesis of world experience and our own values, we feel that its implementation is feasible. You know that it has been highly appraised, including abroad. Now we have arrived at a stage when it can be said: The program is already in operation and is being strengthened as matters progress. What does "in operation" mean? Here is an example: I have just visited Golitsyno, where a bus plant is under construction on the principles of joint stock ownership with the "Mercedes" firm. Just imagine the Council of Ministers chairman visiting such a construction site, say, a year ago. Why would he have done so? Obviously to help resolve questions which were purely economic and organizational. But the way matters are progressing in Golitsyno, people do not need any help—as long as nobody hinders them.

Why? Simply because the main and fundamental question—who is the master of the plant and the construction site—was resolved from the very beginning. This is just one example. Generally speaking, having taken a firm course toward privatization in our program, we have already encountered—no longer in theory but in real life—the full diversity of ownership forms: Cooperative, joint stock, people's, small enterprises, private farmers, and private ownership in its purest form. This calls for specific and universally understood mechanisms for its implementation, rather than just resolutions and clarifications. An equally more detailed elaboration is needed today for the program's other sections, which cover conversion, scientific and technical progress in market conditions, and the creation of a new stratum in Russia—the stratum of entrepreneurs which should comprise not just a narrow caste but the broadest possible strata of the population. How is this work progressing? Once again, just as we did when the draft overall program was being prepared, we are bringing together people to work on it—supporters of the most diverse approaches, in addition to supporters of privatization itself—who would discuss the prevailing situation and jointly work out the path for further advancement. They include both scientists and practitioners. We are striving to make broader use of sociological polls data, statistics, and mathematical modeling. The last such seminar was held Wednesday before last in Arkhangelsk, the next one—on the problem of "Industry and the Market"—was also held in Arkhangelsk.

[Lynev] In other words, all the work proceeds not only from common property to private property but also from the center to the regions, is that right?

[Silayev] Yes, from those who elaborate it to real life, to those who will have to implement it. The aim is that, in the course of this work, our policy should not only gain fresh supporters at local level but should also take their experience into account, enabling us to check it against life and amend it.

[Lynev] Wednesday in Arkhangelsk—why there? How did you choose this city?

[Silayev] The city and the entire region alike are extremely interesting. First, we have the raw material and timber potential—a series of foreign firms are interested in that, they are prepared to invest in timber processing on mutually advantageous terms. There are equally interesting prospects for the utilization of the region's other natural resources. Second, Arkhangelsk is our maritime gates to the Western world, and it is no accident that we have received numerous interesting proposals in that context. Third, we have the defense industry. Unfortunately, its market reorientation is dragging on. Although several commercial satellites have already been launched for Russia from the Plesetsk test site, this is only the beginning. And generally speaking, there is broad scope for commerce and enterprise in the region. Our task is to get more "Arkhangelsk muzhiks" involved in cultivating this field.

Wherever we may hold our Wednesday meetings on scientific and technical progress, on conversion, or on agrarian affairs—I cannot tell you where just yet, there are various options—I am convinced that this approach is really, really productive today.

[Lynev] It is only logical that, in the course of such meetings, the elaboration would be assigned to the figure of the leader of a given subprogram (on privatization, let us say), who is not only theoretically strong but can also present matters better that others in practical terms. Do you not perceive this as a way for selecting new people for a new government?

[Silayev] Before talking about this, I must remind readers that, under Russia's Constitution, the present government will have to relinquish its powers. As for a new government, we have prepared its structures as an option, by way of a proposal. Although, in my own view, this structure in itself is an instrument for the program's implementation. It is assumed that the new government's structure should include a committee for support for entrepreneurship, a committee for small-scale privatization, and other organs capable of rapidly responding to processes and actively promoting them. You are right, the selection of people for such work is actually under way now. I think that this is the right way.

[Lynev] In addition to the selection of new people for new positions, one could also perceive here the solution of a problem which hitherto has certainly not been tackled in the best possible way: The old structures of economic management were demolished before the new ones were in place. Hence the well-known vacuum in management, or rather the total mismanagement in a whole series of spheres and the collapse of communications.

[Silayev] In my view, the vacuum did not develop because old elements should have been replaced only as new market structures matured. This appears logical and convincing only on the surface, in actual fact it overlooks one factor, namely that the old administrative edict system was organized so that all its elements were closely interlinked. Take just one of them away, and the system as a whole loses the vestiges of even the old and extremely poor efficiency. Therefore, the system must be resolutely replaced. The entire system. All of it. Because it does not promote the new market structures which emerge to replace it, it actually hinders them regardless of whether they are in place or only just emerging. This is the essence of our disagreements with the previous Union government's program. As well as with its subsequent program which we also recognized as being antimarket.

We in Russia decided: Enough of marking time. The people are fed up with waiting, being patient, and listening to debates—it is necessary to advance. Hence the Russian leadership's resolute way of thinking and acting as regards the market and the market structures which are emerging to replace the old antimarket ones.

[Lynev] The least elaborated section of all programs has been and still remains the section dealing with the defense complex enterprises and their transformation into market elements. Is the Russian program much more radical than the rest in this regard? After all, the bulk of the defense industry is in Russia.

[Silayev] Yes. Which also means that we have to deal with the greatest resistance. The defense complex comprises three types of enterprises. First, the ones which manufacture purely peaceful, civilian output—refrigerators, washing machines, electronic appliances—but are nonetheless subordinate to the defense department. Second, there are enterprises manufacturing mixed output, for civilian and military purposes alike. And finally the purely military sphere. The larger it is, the more difficult it is as a rule to effect conversion because large sums of money have to be invested. So let these enterprises remain—for the time being at least—under the jurisdiction of the state, the center. As for the first category, the purely civilian ones or the ones about to become civilian, they should move directly away from union departments and come under Russian jurisdiction. Why? Just in order to replace departmental subordination by republican, as some people believe? Not at all! In order to gain autonomy. We are helping them do this. This is the only meaning of the transfer. Take the Kirov plant for example. It has completely halted the production of tanks and is developing as a joint stock corporation, including holdings by a Western partner; it is converting to purely civilian production, including the manufacture of tractors for private farmers.

[Lynev] How, in you view, could the Russian program be reconciled with the topic of much discussion and argument at present—the program for possible assistance by developed countries for our reforms?

[Silayev] First of all, I must say that this is not a new question for me. Why? Because G. Yavlinskiy is my economic adviser. Our offices are next to each other to this day. Generally speaking, we are in close contact. We discussed his ideas before his trip to the United States, I supported them. B. Yeltsin supported them. Following the series of lectures in Harvard, we met in New York, flew back from the States together, and managed to discuss a lot on our way back.

And now about the essence. Even though some estimates claim that overproduction lies in store for us as early as in 1996, I personally tend to disbelieve them. In my view, the forecast of a confident upswing beginning in 1993 is more realistic. On the whole, if we were to rely just on our own efforts, transformations in our country would drag over a long period of time, maybe as long as 10 years or so. But the West's help and its involvement in investments, consultations, and technical cooperation could significantly reduce the duration of this process. It is well known that only 25 percent of our industry works for the consumer market, while the remaining 75 percent comprises group "A", the production of means of production. It is the exact opposite in developed countries—hence the plentiful supply of goods. And hence the main cause of our commodity shortages. This makes it clear: We need not only a market but also a structural perestroyka, which will require significant capital investments. And if the Western partners were to agree to this, they would invest their capital not in Group "A" but rather where less capital investment is required to yield greater returns more quickly. In other words, the spheres which are less developed in our country. The investments will be accompanied by a different and higher labor and management culture, different technical standards, and modern infrastructure including roads and communications, in other words spheres where we are lagging considerably behind. Of course, there is still a great deal of skepticism and misunderstanding about this, even among Union parliament deputies. I will be sincerely disappointed if M. Gorbachev's mission to London proves a failure. But if everything goes well and the Union joins in the program of assistance for reforms, I am certain that Russia will find its place in this process and will get actively involved in it.

[Lynev] While on the subject of Yavlinskiy. Were you really upset when he resigned as your deputy following the rejection of the "500 Days" program?

[Silayev] I was. He was, after all, one of the most forceful members of the government. As soon as his program was rejected, he came to me and said that he saw no point in remaining as deputy premier. He made a statement to the same effect in the Supreme Soviet, where he specifically criticized me—quite fairly, I believe—for having succumbed to pressure when we raised the meat purchasing prices. The increase was actually scheduled by the Union government for 1 January, but was announced a few months in advance. It was no surprise that livestock slaughtering ceased immediately following the announcement—people expected to sell meat at the new higher prices.

I told Yavlinskiy that there was no need for him to leave. If one program did not work out—other ways should be sought. But he said that he wanted to work at Union level, to prepare a new program. As we know, this program is now in existence—elaborated jointly with Harvard scientists. I have already told you my attitude toward it. On the whole, I consider Yavlinskiy's stance to be statesmanlike, civic, and deserving respect and support.

[Lynev] Where do you perceive any possible—let us not use the strong word "threats" but let us say "obstacles"—to the Russian program's implementation?

[Silayev] From two sides. But first of all let us look at the third side—the people on whose support we are counting. They are Russia's population. As far as I know, they basically believe in us, they believe that we are acting in their interests and are doing everything to make their lives better, fuller, and more meaningful. As regards obstacles, or rather brakes, they are to be found mostly at the mid-management level, especially in the regions. I do not perceive here any selfishness or any desire to hold onto office at any cost, which are the topic of many current articles. It is simply that the old management habits and the old discipline are very powerful at that level, while the economic horizon, alas, is limited by mid-level vision. It is no accident that if an oblast's top leader is a progressive personality and actively advocates private farming, for example, his subordinates are also in favor of it. But if he, together with his apparatus, is against innovations, the picture is different. As a rule, these are the regions that produce the larger number of complaints. A movement can be noticed there as well, maybe slow, but a movement nonetheless. I think that the introduction of presidential rule will accelerate these processes and will help the application of experience that is already accumulated with fewer losses and to greater effect.

I would not like to talk in detail about the other obstacle or to aggravate the situation, now that cooperation is developing between the republics and the center. But there you have the Union cabinet's resolution "On Organizational Measures for the Elaboration of Production Programs and Forecasts for the Socioeconomic Development of Enterprises, Regions, Republics, and the USSR in 1992 in the Conditions of Shaping Market Relations." I am not the only one feeling that the joint document in the spirit of the "Nine plus One" accord was prepared by one set of people, while this document was prepared by other people. After all, what was already agreed, for example? That Russia would pay a fixed tax into the state budget. Let me point this out: We lost out as a result of this because the Russian enterprises' revenues have dropped since the start of the year while the tax has not changed—it is fixed. The new document introduces a new category of payments—a 10-percent tax on sold output. This, according to our calculations, would reduce the Russian budget by more than 70 billion rubles. How can such fundamental questions be decided without preliminary discussion?

I have already made my objections against such "surprises" at a sitting of the Union cabinet. There were assurances that all disagreements would be resolved. I would like to believe this and, generally speaking, the mechanism of mutual understanding and collaboration at that level still has to be fine-tuned.

Defense Plants Join New Commodity Exchanges

LD2606140291 Moscow Radio Moscow World Service in English 0800 GMT 25 Jun 91

[Text] Industrial commodity exchanges are being set up in the USSR with the participation of defense plants. A constituent meeting has been held to set up the (Estra) stock exchange which will specialize in trading with radio, electronic, and computer equipment as well as means of communication and technology. Among the 35 sponsors of the commodity exchange there are many defense plants with a group of them accounting for about 85 percent of output of all Soviet radio electronic equipment.

Nuclear Station's 'Stolen' Scrap Copper Sold

PM0107080991 Moscow Central Television First Program Network in Russian 1200 GMT 28 Jun 91

[From the "Television News Service" newscast: Report by A. Guretskiy, A. Sinegubov, identified by caption]

[Text] [Guretskiy] Brest Oblast KGB staffers have thwarted a commercial deal which is amazing both in character and in terms of the people involved. Just imagine: Komsomol [Communist Youth Union] activists on the Baranovichi poultry farm in Belorussia and—difficult to believe—on the Balakovo AES [nuclear electric power station] in Saratov Oblast decided to organize a lucrative business for themselves. [video shows contract]

And it all began when the former learned that many tonnes of non-ferrous metal in the shape of copper-nickel condensator pipes were lying around at Balakovo AES. The Komsomol leaders quickly concluded a deal and 180,000 rubles were transferred from Belorussia in exchange for the, so to speak, "nuclear equipment," which was quickly transformed into scrap. The management of both the Balakovo AES and the Baranovichi poultry farm are now trying hard to dissociate themselves from these commercial pranks by their Komsomol leaders. However, the latter have not given up hope of selling what is essentially stolen metal if not abroad—because this has been thwarted—then at least inside the country. But it seems that they will have to cut their losses. What is incomprehensible is how they managed to get the local Belorussian bank to give them such a substantial loan. After all, the Komsomol members themselves did not invest a cent of their own money in this business. This is Aleksey Guretskiy reporting on the investigation specially for the Television News Service.

Gosbank Issuing New One Ruble Note 27 Jun

PM2806125391 Moscow PRAVDA in Russian 25 Jun 91 First Edition p 1

[Unattributed report: "From the USSR State Bank. On the Bringing into Circulation of 1991-Issue USSR Gosbank One-Ruble Bank Notes"]

[Text] The USSR State Bank [Gosbank] will bring into circulation 1991-issue USSR Gosbank one-ruble [R] bank notes as of 27 June 1991.

The 1991-issue USSR Gosbank R1 note has been produced using the main features depicted on the 1961-issue USSR R1 state treasury note with changes to the color and the text. It is printed on white paper with a watermark in the shape of dark five-pointed stars and dark wavy lines equally distributed over the entire note.

The prevailing colors on both sides of the note are red, yellow, and green. There is a green strip in the middle of the note, gradually turning into yellow toward the edges.

The 1961-issue USSR R1 state treasury notes will remain in circulation until they wear out and will be accepted at face value without delay or hindrance or any other restrictions by all enterprises, organizations, institutions, kolkhozes, and individuals for all forms of payment, as well as for use in current accounts, settlement accounts, deposits, letters of credit, and remittances.

Decree on Currency Resources for Agro-Industry

PM0107153691 Moscow IZVESTIYA in Russian 29 Jun 91 Union Edition p 2

["Decree of the USSR President on a Change in the Procedure for the Utilization of Currency Resources by Enterprises, Organizations, and Associations in the Agro-Industrial Complex in 1991"]

[Text] With a view to creating favorable conditions for developing the material and technical base of enterprises, organizations, and associations in the agro-industrial complex and increasing the production of agricultural produce and food products, I resolve:

1. By way of a partial amendment to Article 3 of the USSR President's Decree of 2 November 1990 "On the Special Procedure for Utilization of Currency Resources in 1991" (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV SSSR I VERKHOVNOGO SOVETA SSSR, 1990, No. 45, p 978), it is stipulated that for enterprises, organizations, and associations in the agro-industrial complex, irrespective of the form of ownership or departmental or territorial subordination, the amount of currency revenue from the export of output (work, services) incurring compulsory sale to the USSR Bank for Foreign Economic Activity to ensure the repayment of the USSR's foreign debt is reduced by the sum of their currency expenditure on purchasing from abroad technologies, agricultural machinery, and manufacturing equipment for the storage and processing of agricultural produce, spare parts for them, seeds of agricultural crops, agricultural animals for breeding, plant-protection agents, veterinary preparations, and equipment for the production of construction materials and structures.

The USSR Cabinet of Ministers is to ensure the implementation of the present Decree.

2. The present Decree comes into effect from the moment of promulgation.

[Signed] USSR President M. Gorbachev,

[Dated] Moscow, Kremlin, 27 June 1991.

Regulations on Currency Operations Issued

914A0891A Moscow EKONOMIKA I ZHIZN in Russian No 22, May 91 pp 16-17

["Regulation of Currency Transactions on the Territory of the USSR (Basic Provisions)"]

[Text] In accordance with the USSR "Currency Regulation" law, the USSR Gosbank [State Bank] has devised the Basic Provisions Governing the Regulation of Currency Transactions on the Territory of the USSR, by which all organizations and citizens who are residents according to Soviet legislation and also bodies corporate and nonresident citizens exercising their activity on the territory of the USSR are to be guided.

This document makes it possible under the conditions of the incomplete nature of market structures and market relations to ensure for all enterprises of the foreign economic complex equal opportunities and interest in an increase in the efficiency of their participation in the international division of labor and simultaneously create a system of supervision of compliance with the currency interests of the country and the union republics.

The proposed measures of currency regulation are not something unusual and are employed extensively by many countries for the purpose of stabilizing monetary circulation, defending the domestic market against imported inflation, and preventing a reduction in currency reserves.

Of the 153 members of the International Monetary Fund, 123 countries apply to one extent or another, for example, demands for the compulsory transfer from overseas of export proceeds. These include such leading industrial countries as France, Italy, Belgium and others.

At the same time, considering that such regulation is being introduced in our country for the first time and under the conditions of a changing economic situation, the USSR Gosbank intends subsequently to work on the perfection of the Basic Provisions.

(Promulgated on the basis of the USSR law "The USSR State Bank," clause eight of the USSR Supreme Soviet decree "Implementation of the USSR Law 'The USSR State Bank' and the USSR Law 'Banks and Banking Activity,'" the USSR law "Currency Regulation," and clause four of the USSR Supreme Soviet decree "Implementation of the USSR Law 'Currency Regulation'")

Section I. General Concepts and Rules [subhead]

1. The basic concepts employed in the text mean as follows:

"Currency values":

a) foreign currency;

b) securities—negotiable instruments (checks, bills of exchange, letters of credit, and others) and funded paper (stocks, bonds, and others) in foreign currency;

c) precious metals—gold, silver, platinum, and metals of the platinum group (palladium, iridium, rhodium, ruthenium, and osmium) in any form and condition, except for jewelry and other consumer items made from these metals and the scrap of such items;

d) natural gemstones in rough and polished form (diamonds, cut diamonds, rubies, emeralds, and sapphires, and also pearls), except for jewelry and other consumer items made from these gems and the scrap of such items.

"Currency of the USSR"—rubles in circulation in the form of notes of the USSR State Bank and state treasury notes and coins, including those of precious metals, and also assets in rubles in accounts and on deposit in banking institutions of the USSR.

"Foreign currency"—foreign paper money in the form of banknotes, treasury notes, and coins which are in circulation and which are legal tender on the territory of the corresponding foreign state and also those which have been withdrawn or are being withdrawn from circulation but which are exchangeable for paper money in circulation; assets in units of currency of foreign states and international units of account in accounts or on deposit.

"Residents":

a) Soviet and foreign citizens and stateless persons with a permanent place of residence in the USSR, including those temporarily overseas;

b) bodies corporate with a place of residence on the territory of the USSR which are registered in the USSR, including enterprises with the participation of foreign investments;

c) Soviet diplomatic, trade, and other official missions overseas enjoying immunity and diplomatic privileges and also other offices of Soviet enterprises and organizations overseas not engaged in economic or other commercial activity.

"Nonresidents":

a) foreign and Soviet citizens and stateless persons with a permanent place of residence overseas, including those temporarily on the territory of the USSR;

b) bodies corporate with a place of residence overseas created and operating in accordance with legislation of a foreign state, including those with the participation of Soviet enterprises and organizations;

c) foreign diplomatic, trade, and other official missions and international organizations (and their affiliates) enjoying immunity and diplomatic privileges and also offices of other organizations and companies not engaged in economic or other commercial activity located on the territory of the USSR.

"Currency transactions"—transactions involving:

a) the transfer of title to currency values;

b) the use as means of payment of foreign currency and also currency of the USSR in the exercise of foreign economic activity;

c) the importation and remittance to the USSR from overseas and the exportation and remittance from the USSR overseas of currency values and also the realization of international monetary transfers.

Currency transactions are subdivided into current transactions and transactions connected with the movement of capital.

"Current currency transactions":

a) transactions connected with the buying and selling of currency values, commodities, and services and sale of the rights to intellectual property, payments in respect of which are made on terms excluding deferred payments and not anticipating the assignment or attraction of loan capital;

b) transfers of assets overseas and across the border, interest, dividends, and other income from bank deposits, credit, investments, and miscellaneous financial transactions;

c) transfers of assets of a noncommercial nature, including transfers of wages, pensions, alimony, inheritances, and other similar transactions.

"Currency transactions involving the movement of capital" incorporate:

a) investments, including the acquisition and sale of securities;

b) the assignment and acquisition of credit;

c) the attraction and investment of resources in accounts and on deposit;

d) financial transactions whose execution after a particular length of time provides for payment or transfer of title to the foreign values.

"Authorized banks"—commercial banks, including banks with the participation of foreign capital and foreign banks whose capital belongs wholly to foreign participants, which have obtained a license of the USSR Gosbank or the central banks of the republics to conduct transactions in foreign currency and also the USSR Bank for Foreign Economic Relations and international banks (the International Investment Bank and the International Bank for Economic Cooperation).

2. Currency transactions are effected via the authorized banks. The authorized banks exercise supervision of the conformity of the currency transactions practiced by the clients to current currency legislation and present to the USSR Gosbank and the central banks of the republics reports on current currency transactions in accordance with the established forms.

3. Upon the practice of currency transactions clients submit to the authorized banks properly presented bank documents containing information on the currency transaction.

In the event of currency transactions in respect of which permits or licenses of the USSR Gosbank and the central banks of the republics are required, the clients present the authorized bank with copies of such permits.

4. Payments in foreign currency are made by resident bodies corporate within the limits of the currency resources at their disposal. The currency resources must be of legal provenance and may be obtained legally from the following sources:

a) the assets of the union-republic currency fund, republic currency funds and the currency funds of the local authorities;

b) currency earnings from authorized foreign economic activity per the established rates;

c) contributions to company capital;

d) currency credit from authorized banks and also from foreign banks and financial institutions and other foreign bodies corporate based on a license of the USSR Gosbank or the central banks of the republics;

e) currency acquired on the domestic currency market of the USSR for rubles via authorized banks;

f) charitable foundations.

5. All deals pertaining to the purchase and sale of foreign currency for Soviet rubles between residents and also between residents and nonresidents realized in circumvention of the authorized banks are null and void.

6. Resident bodies corporate may acquire foreign currency on the domestic currency market only for settlements with nonresidents. The purchase by resident bodies corporate of currency for the purpose of settlements with residents is prohibited except in the instances provided for in Section III, clause one of the Basic Provisions and for settlements with authorized banks involving the liquidation of obtained credit.

7. Foreign currency acquired by resident bodies corporate on the domestic currency market has to be transferred to a nonresident via authorized banks in accordance with the conditions of the written undertakings, contracts, and agreements between them.

In the event of the resident's full or partial nonutilization of acquired foreign currency, it is to be compulsorily sold for rubles via the USSR Gosbank Center for Interbank Transactions ("Currency Exchange") in the procedure established by the Provisional Rules of the exercise of transactions via this center.

8. The payment of monetary amounts in rubles, the rendering of services or the assignment of any property values in the USSR with the subsequent acquisition of the equivalent in foreign currency overseas and also the acquisition of monetary amounts in rubles as the equivalent for the payment of foreign currency, the rendering of services or the assignment of any property values overseas are prohibited.

The above provision does not operate in cases where the payment or acquisition of monetary amounts and the rendering of services are connected with the dispatch overseas or the reception in the USSR of delegations or individual employees of Soviet or foreign organizations on terms of exchange not involving foreign currency in accordance with treaties between them.

9. The authorized banks have the right to make credit available to clients on the security of currency values. Upon a debtor's refusal to comply with the requirements pertaining to the return of the obtained credit, the currency values are realized via the authorized banks on the domestic currency market, and the creditors' demands are met from the ruble proceeds from the sale of the latter.

10. The authorized banks are prohibited from demanding of clients the payment of interest in foreign currency on credit extended in rubles.

Section II. Transactions in Foreign Currency Between Resident and Nonresident Bodies Corporate

1. All settlements pertaining to foreign economic transactions between resident bodies corporate and nonresident bodies corporate are effected in freely convertible currency unless otherwise stipulated by intergovernmental agreements.

2. Residents' practice of current currency transactions does not require a license or permit of the USSR Gosbank or the central banks of the republics except in the following instances:

a) if a resident's advance payments for the importation of commodities and services totaling more than 20,000 foreign currency- denominated rubles at the USSR Gosbank's commercial exchange rate are in excess of 30 percent of the cost of these commodities and services;

b) if the time frame of the payment for commodities exported or imported by a resident is in excess of 180 days from the date of shipment (loading and forwarding or acceptance for transportation);

c) if the time frame of the payment in respect of consignment agreements connected with the importation or exportation of commodities is in excess of 180 days from the date of the shipment (loading and forwarding or acceptance for transportation);

d) if the time frame of the payment or return delivery of merchandise per barter, commodity-exchange, and compensation deals is in excess of 180 days from the date of the shipment (loading and forwarding or acceptance for transportation) of merchandise supplied by the other contracting party (resident or nonresident);

e) if the time frame of the payment in favor of a resident in respect of reexport deals is in excess of 180 days from the date of the resident's payment for a commodity subject to subsequent reexport;

f) if the time frame of the payment for the importation or exportation of services is in excess of 180 days from the date the actual services were supplied;

g) if a resident pays interest upon the return of an advance payment obtained from a nonresident in the event of a failure to comply with commitments ensuing from the contract.

The date of the forwarding document—that is, the date indicated on the forwarding document—or the date on the stamp certifying acceptance for transportation or the date of the checkoff on the loading, depending on which is later, is deemed to be the date of shipment (loading and forwarding or acceptance for transportation). Account has to be taken here of the fact that, in the event of the issuance of several forwarding documents (of different dates and/or from different ports of shipment) in the shipment of commodities on one and the same ship and one voyage, the date of the final forwarding document is deemed to be the date of the shipment.

3. Transactions in respect of buying and selling currency values specified in Section I, clause one, "c" and "d" of the Basic Provisions may be practiced only by organizations with special authorization for this in accordance with current legislation.

4. All currency transactions involving the movement of capital require licenses of the USSR Gosbank or the central banks of the republics.

5. For transactions in foreign currency the commercial banks must have licenses of the USSR Gosbank or the central banks of the republics; enterprises, associations, and organizations of the nonbanking sphere must be registered as participants in foreign economic relations in accordance with legislation current in the USSR.

6. Foreign currency obtained by residents as a result of foreign economic activity is to be compulsorily entered in the residents' accounts in authorized banks.

In the event of the receipt to the benefit of a resident of resources in foreign currency as a gift, donations, charitable contributions, and other receipts of a noncommercial nature, they also are to be entered in the residents' accounts in authorized banks in the USSR unless authorized otherwise by the USSR Gosbank.

7. Foreign currency is to be transferred to the accounts of authorized banks within 30 days from the date of the payment in any form in favor of a resident by the bank of the payer (nonresident) or bank authorized by the latter to make the payment ensuing from the deal.

8. A resident does not have the right to extend the time frame of payment of the claims on a nonresident or the obligations of the latter or also in some way to reduce the amount of these claims or obligations.

9. Currency proceeds which are to be transferred to the USSR and which have come to be owned by or are at the disposal of a resident overseas may be used by him prior to the transfer being effected only for the payment of bank and other commissions and expenditure directly connected with the given foreign economic transaction in respect of which these proceeds were obtained.

10. A resident effecting a transfer of currency earnings presents to the authorized bank information pertaining to the transaction in respect of which the currency resources were obtained (number and date of the contract, payer, payer's bank, and for what payment was received).

11. The following are not subject to compulsory transfer:

a) the currency proceeds of residents connected with their installation of facilities on the territory of foreign states and representing payment by the clients (nonresidents) of the residents' local expenditure—for the period of construction;

b) residents' currency proceeds from their participation in capital transactions overseas used for the furtherance of these transactions and the defrayal of operating expenditure—for the period of these transactions;

c) residents' currency proceeds from the organization of exhibitions and sports, cultural, and other activities overseas used to defray expenditure on their organization—for the period of these activities.

Residents mentioned in subclauses "a" and "b" annually present to the USSR Gosbank or the central banks of the republics information on the receipt and expenditure of currency assets.

Residents' expenditure of currency proceeds specified in subclauses "a," "b" and "c" for other purposes not directly connected with the transactions which are the source of these proceeds is permitted only with the authorization of the USSR Gosbank or the central banks of the republics in each individual instance.

12. Following the completion of the construction of facilities overseas, a resident is required to transfer to the USSR the balance resources in foreign currency within 30 days from the date the deed of transfer of the facility is signed and settlement of the client's claims.

Profit in foreign currency from capital transactions overseas is to be transferred to the USSR within 30 days from the date the transactions are completed.

Currency proceeds from the organization overseas of exhibitions and sports, cultural, and other activities are to be transferred to the USSR within 30 days from the date these activities are completed.

13. The transfer of foreign currency to branches of authorized banks overseas may not be regarded as compliance with transfer obligations.

14. Resident bodies corporate which have opened accounts overseas without the corresponding permission and prior to the USSR "Currency Regulation" law taking effect and which have not transferred currency earnings to the USSR must within 30 days of the day of publication of these Basic Provisions close the said accounts and transfer the currency resources to their accounts in authorized banks in the USSR.

Section III. Transactions in Foreign Currency on the Territory of the USSR Between Resident Bodies Corporate

1. In relations between residents the currency of the USSR is employed without restriction in the payment of all claims and obligations.

Between resident bodies corporate the use of foreign currency and negotiable instruments in foreign currency is permitted in the following instances:

a) in settlements between exporters and transport, insurance, and forwarding organizations in instances where the services of these organizations pertaining to the delivery, insurance, and forwarding of freight are a part of the price of the commodity and are paid for by the foreign purchasers;

b) upon importers' settlements with transport, insurance, and forwarding organizations for services pertaining to the delivery of freight to Soviet sea and river ports and border railroad stations, warehouses, and terminals of the purchasers;

c) upon settlements for the transit haulage of freight across USSR territory;

d) for the services of communications enterprises pertaining to the leasing of international communications channels for Soviet enterprises and organizations in instances where the settlements with the foreign owners of the communications facilities are made by the communications enterprises;

e) upon the payment of a commission fee to organizations effecting brokerage transactions with foreign partners in respect of the orders of suppliers of export and the purchasers of import products;

f) upon settlements between suppliers and subsuppliers of products (jobs of work, services) for export from the currency earnings remaining at the disposal of the exporters;

g) upon the payment of the expenditure of banking institutions and brokerage foreign economic organizations if the said expenditure has been made by these institutions and organizations or was presented to them by nonresidents in foreign currency and also upon the payment of commissions which are collected by the banking institutions and brokerage foreign economic organizations for the defrayal of expenditure in foreign currency;

h) upon settlements connected with the acquisition of commercial or bank credit in foreign currency and its liquidation and also upon transactions pertaining to the buying and selling of foreign currency on the domestic currency market;

i) upon settlements between enterprises in instances where the supplier of a product utilizes imported components—in an amount not exceeding the cost of the foreign currency components by more than 30 percent. In the event of the said limit (130 percent of the sum total of foreign currency outlays) being exceeded, the currency proceeds obtained in excess are subject to compulsory sale to the USSR Gosbank at the commercial rate.

2. Other settlements in foreign currency between residents on the territory of the USSR are permitted in each individual instance only with the permission of the USSR Gosbank and the central banks of the republics.

3. All settlements between resident bodies corporate in foreign currency are effected on the basis of agreements (contracts) concluded between them;

4. Settlements are effected in noncash form in the currencies in which the contracts with foreign contracting parties have been concluded.

Foreign currency is converted into rubles at the USSR Gosbank commercial rate.

Section IV. Resident Bodies Corporate's Opening of Accounts in Foreign Banks Overseas

1. Current and other accounts are opened and transactions in foreign currency in respect of them are practiced overseas by USSR resident bodies corporate with the permission of the USSR State Bank or the central banks of the republics.

2. The USSR State Bank and the central banks of the republics examine the applications for the issuance of authorization for the opening of accounts by resident bodies corporate in foreign currency overseas with regard for the specifics of actual currency transactions and given the impossibility of opening such an account in authorized banks in the USSR.

3. Resident bodies corporate which have been given permission to invest resources in accounts in foreign currency overseas are required to render account of the balance of resources in the said accounts and also present information on the interest obtained and transferred to the USSR during the reporting period in accordance with the form and within the time frame established by the USSR State Bank.

4. The USSR Gosbank and the central banks of the republics which issued the authorization may require the transfer to accounts in authorized banks in the USSR of some of the resources in accounts overseas if the sum total thereof is in excess of the working balances necessary for effecting the transactions for which the account was opened.

Section V. Nonresident Bodies Corporate's Opening of Accounts in Foreign Currency in Authorized Banks in the USSR

1. Nonresidents may open accounts in foreign currency in authorized banks.

The following may be sources of currency resources in the said accounts:

a) resources transferred, imported, or remitted from overseas;

b) proceeds from residents and nonresidents for goods sold and services rendered on the territory of the USSR;

c) resources received to clear obligations to the holders of the accounts;

d) interest paid by authorized banks;

e) receipts from the accounts of other nonresidents in authorized banks;

f) proceeds from investments on the territory of the USSR.

2. Resources from the accounts may be used:

a) to acquire goods and services on the territory of the USSR;

b) for the payment of obligations to residents and nonresidents;

c) for investment in time deposits;

d) for investments on the territory of the USSR.

3. Resources from the said accounts in authorized banks may be freely transferred overseas or sold to an authorized bank for rubles at the USSR Gosbank commercial rate.

Section VI. The Opening, Maintenance and Execution of Transactions in Respect of Accounts and Deposits of Nonresident Bodies Corporate in Rubles

1. Authorized banks in the USSR open for nonresident bodies corporate (henceforward nonresidents) the following types of accounts and deposits in rubles:

a) current accounts and deposits with unrestricted use in the USSR provisionally called type S current accounts and deposits. The balance of resources in them may be freely converted into foreign currencies at the USSR Gosbank commercial rate and transferred overseas;

b) current accounts and deposits with unrestricted use in the USSR provisionally called type L current accounts and deposits. The balance of resources in them may be used to purchase foreign currency at the market rate of the ruble on the USSR currency market and transferred overseas;

c) current accounts and deposits with restricted use in the USSR provisionally called type N current accounts and deposits. Converting the balance of resources in them into foreign currencies and using it to purchase foreign currency on the USSR currency market are prohibited.

2. Amounts in rubles obtained from the sale by nonresidents to the USSR Gosbank, the central banks of the republics and authorized banks of foreign currency at the USSR Gosbank commercial rate may be entered in type S accounts.

Nonresidents may sell authorized banks foreign currency for rubles at the USSR Gosbank commercial rate without restriction.

3. Monies from type S accounts may per the instructions of the holders of the accounts be used:

a) to make all payments and obtain cash resources in rubles on the territory of the USSR without restriction;

b) to purchase foreign currency in the authorized bank in which a ruble account has been opened at the USSR Gosbank current commercial rate within the limits of the balance in this account.

4. Entered into type L accounts are amounts in rubles obtained:

a) in the form of dividends from joint ventures and also enterprises which are 100 percent foreign-owned located on the territory of the USSR—upon presentation of a notarially attested decision of the highest bodies of these enterprises concerning the distribution of profit in dividends and the balance and account of profit and loss confirmed by auditors;

b) in the form of income from securities in rubles (stocks, bonds);

c) from the realization of ruble securities within the USSR—upon presentation of documents confirming the fact of the sale of the securities and their value.

5. Monies from type L accounts may on the instructions of the holders of the accounts be used:

a) for making any payments on the territory of the USSR without restriction;

b) for the purchase of foreign currency at the market rate in the Center for Interbank Currency Transactions (Currency Exchange).

6. Entered in type N accounts are amounts in rubles obtained:

a) from Soviet organizations in favor of foreign companies engaged on the territory of the USSR in authorized instances in economic activity connected with the construction of facilities, including construction and installation, skilled installation supervision, and startup and adjustment operations. Resources from Soviet organizations in the event of provision having been made for this in the contracts and resources from the sale to Soviet organizations of commodity and material values imported by nonresidents from overseas or acquired in the USSR may be entered in the ruble accounts of nonresidents engaged on the territory of the USSR in economic activity in accordance with contracts concluded with Soviet organizations;

b) in the form of consular dues and other payments from Soviet organizations with the right to effect settlements with nonresidents in rubles (Diplomatic Corps Service Administration, insurance organizations).

7. Monies from type N accounts may on the instructions of the holders of the accounts be used:

a) to pay for current expenditure directly connected with the exercise of authorized economic activity on the territory of the USSR. Ready cash is issued to the holder of the account engaged in authorized economic activity on the territory of the USSR within the limits necessary for the payment of wages to the personnel. The rate of the ruble payments to the personnel should be specified in the contracts. The estimate of these amounts presented to the authorized bank is signed by the representative of the Soviet client. Following the completion of operations on the territory of the USSR specified by the contracts, the accounts are closed;

b) for the payment of current expenditure connected with the exercise of the activity of diplomatic, trade, and other official missions and international organizations on the territory of the USSR.

The transfer of resources overseas and the purchase of currency on the domestic currency market of the USSR with the monies in type N accounts are prohibited.

8. In instances for which provision is not made in this section it is essential for the opening of an account in rubles for a nonresident to obtain permission from the USSR Gosbank with specification of the conditions of the receipt and use of monies in this account.

9. Questions connected with the opening of ruble accounts for nonresidents exercising their activity on the territory of the USSR in accordance with interstate and intergovernmental arrangements are regulated by the USSR Gosbank and the central banks of the republics in each individual case.

10. Foreign currency may be purchased from nonresidents for rubles at a rate different from the USSR Gosbank commercial rate only by the USSR Gosbank. In these cases accounts in rubles for nonresidents are opened either in the USSR Gosbank or, in accordance with the USSR Gosbank's direct instructions, in an appropriate authorized bank. Individual conditions of their use are established in respect of these accounts.

11. Payments pertaining to the accounts of nonresidents opened in authorized banks are made within the limits of the balance of the resources in the account. Upon the opening of an account with the receipt of monies in the course of a year totaling over 10 million rubles [R] authorization of the USSR Gosbank in writing is necessary.

12. To open a ruble account in an authorized bank nonresidents present the following documents legalized either in a USSR embassy (consulate) overseas or in an embassy (consulate) of a foreign state in the USSR:

a) an application for the opening of an account specifying the type of account, the anticipated sources of the receipt of rubles and possible fields of use;

b) a notarially attested copy of the charter;

c) a card containing sample signatures of the persons authorized to administer the account;

d) an extract from the commercial register of the host country on the company's registration as a body corporate.

13. Upon the opening of accounts for entering dividends therein foreign participants in joint ventures and joint-stock companies present, aside from the documents specified in clause 12 of this section:

a) a copy of the annual report and the account of profit and loss certified by the auditors;

b) the decision of a meeting of shareholders or the highest body of the joint venture or 100 percent foreign-owned enterprise on the transfer of dividends to the participants in the joint ventures and the shareholders.

14. Ruble accounts are opened for nonresident foreign companies and organizations engaged on the territory of the USSR in economic activity in accordance with contracts concluded with Soviet agent-organizations per a petition of the Soviet agent-organizations. The petition should specify the possible sources of the receipt of monies in rubles and the field of their use. Aside from the documents specified in clause 12 of this section, they present to the authorized bank:

a) copies of contracts for jobs of work and services;

b) upon the sale of commodity and material values, copies of the agreements with Soviet organizations.

15. The authorized banks present to the USSR Gosbank a report on ruble accounts opened for nonresidents within the time frame and in accordance with the forms established by the USSR Gosbank.

Section VII. Retail Trade and the Rendering of Services to Citizens for Foreign Currency on the Territory of the USSR

1. Retail trade and the rendering of services on the territory of the USSR for foreign currency are exercised on the basis of permits issued by the USSR Gosbank and the central banks of the republics.

2. Retail trade enterprises, hotels, restaurants, cafes, bars, and the like serving foreign and Soviet citizens for foreign currency obtain such authorization per the petition of the local soviets of people's deputies on whose territory these enterprises are located.

3. The following are presented to obtain a permit:

a) a petition of the local authorities;

b) a copy of the certificate concerning entry in the Official Register of the participants in foreign economic relations;

c) a notarially attested copy of the enterprise charter;

d) the consent of an authorized bank to the opening of an account in foreign currency and encashment services;

e) a certificate on the availability of the requisite technical resources for the realization of noncash settlements;

f) a description of the merchandise and services to be offered for sale for foreign currency with specification—for the merchandise—of its origin;

g) a permit of the USSR Ministry of Foreign Economic Relations for brokerage activity upon the sale for foreign currency of commodities purchased overseas.

4. Retail trade enterprises, hotels, restaurants, and bars which have acquired the right to practice retail trade on the territory of the USSR prior to the USSR "Currency Regulation" law's taking effect must prior to 1 August 1991 reregister with the USSR Gosbank with the presentation of all the documents specified in clause three of this section and also notify it additionally of the form in which trade will be practiced (for cash, in noncash form—with specification of the medium of payment employed), in which bank currency accounts have been opened and which organization will render the encashment services and indicate the turnover of trade for foreign currency in the previous year and the first six months of the current year.

5. The USSR Gosbank and the central banks of the republics will examine as a priority enterprises' requests for permission to engage in trade for foreign currency in the form of noncash settlements.

6. The permits which are issued may contain binding quotas of the sale of some of the commodities (services) for Soviet rubles at market prices and also limitations on the total volume of sales and the territorial location of the trading outlets.

Section VIII. Transactions Involving Currency Values Realized by Resident and Nonresident Citizens

1. Soviet and foreign citizens may own currency values imported, transferred, or remitted to the USSR from overseas and obtained or acquired on the territory of the USSR in accordance with current legislation, keep them in accounts or on deposit in authorized banks, and use them for purposes not prohibited by legislation of the Union of SSR [Soviet Socialist Republics] and subjects of the federation.

2. Foreign currency is exported, imported, and remitted by citizens overseas and from overseas in compliance with the requirements of customs legislation of the USSR. Foreign currency imported into territory of the USSR may within 12 months from the time of its importation be exported overseas on the basis of a customs declaration.

3. The exportation, importation, and remittance overseas and from overseas of currency of the USSR and securities expressed therein are not allowed, except for the exportation by Soviet citizens temporarily traveling overseas of the cash currency of the USSR registered with the customs authorities in an amount of up to R50 per person without the right of spending it overseas.

4. Citizens may engage in currency transactions on the territory of the USSR only via authorized banks.

5. Citizens' resources in foreign currency are to be freely entered in currency accounts and deposits in authorized banks.

6. The procedure of the use of resources in foreign currency in accounts in authorized banks is determined by the conditions of the corresponding account.

The conditions of currency accounts are established by the USSR State Bank for residents and nonresidents with regard for the nature of the origin of the currency assets.

7. Citizens may open currency accounts in authorized banks without the presentation of documents on the origin of the foreign currency. In this case monies from the said accounts may be used within 12 months from the day the account is opened only for settlements on the territory of the USSR.

8. Foreign currency in the accounts of residents in authorized banks may be exported or transferred overseas upon the departure of the account holder overseas.

9. The resources of nonresidents in foreign currency transferred or imported into the USSR in compliance with customs rules or acquired on the territory of the USSR in the established procedure and existing in accounts in authorized banks may without restriction be transferred via the authorized banks overseas or exported from the USSR abroad.

10. The payment to resident citizens of wages, bonuses, and other types of recompense in foreign currency by resident bodies corporate on the territory of the USSR is prohibited.

11. The opening of accounts and deposits in foreign currency overseas and the custody of currency resources therein are permitted for the period of the residents' sojourn overseas, and in other instances, in the procedure established by the USSR State Bank.

At the end of the term of sojourn overseas a resident is required to close accounts in foreign banks and transfer the balance in the accounts to the USSR or import into the USSR in compliance with customs rules all currency values obtained overseas.

12. Residents may acquire foreign currency in authorized banks for personal assets in rubles when leaving for overseas.

The procedure of the sale of foreign currency to residents is established by the USSR State Bank depending on the state of the domestic currency market.

13. Resources in foreign currency belonging to citizens, including those in accounts and on deposit in authorized banks, may be sold by them for rubles to the authorized bank.

14. The assets of nonresident citizens in rubles obtained as a result of the sale of foreign currency to an authorized bank may be sold back to the authorized bank for foreign currency, which is exported or transferred overseas without hindrance.

15. Deals involving currency values between residents and also residents and nonresidents on the territory of the USSR in circumvention of the authorized banks are prohibited, except in the following instances:

a) transfer as a gift to the state, foundations, and organizations for social and charitable purposes;

b) a deed of gift of currency values to one's spouse or close relatives;

c) a bequest of currency values or their acquisition by inheritance;

d) the acquisition, sale, and exchange for the purpose of the collection of individual foreign banknotes and coins, including those made of precious metals, in the procedure established by legislation of the Union of SSR and the union republics.

[Signed] V.V. Gerashchenko, chairman of the USSR Gosbank.

USSR Draft Law on Enterprise Privatization

914408924 Moscow IZVESTIYA in Russian 27 Jun 91 Union Edition p 2

[Draft law of the Union of Soviet Socialist Republics: "Basic Principles of the Denationalization and Privatization of Enterprises"; published in accordance with the USSR Supreme Soviet decree of 24 June 1991]

[Text] This law determines the legal principles of the denationalization and privatization of state-owned enterprises in the USSR.

The law is aimed at:

surmounting the monopoly of state ownership and the real conversion of the employees (citizens) into proprietors of the means and products of social production based on a diversity of forms of ownership;

creating conditions for free entrepreneurial activity and the formation of an efficient, socially oriented market economy.

Section I. GENERAL PROVISIONS

Article 1. Concepts of the Denationalization and Privatization of Enterprises

By denationalization is understood in this law the conversion of state-owned enterprises into leased and collective enterprises, joint-stock companies, and other enterprises not under the jurisdiction of the state.

By privatization is understood in this law the acquisition by the citizens and the bodies corporate which they create of the title to enterprises that are owned by the state and to the stock (shares) of joint-stock companies and other economic companies and associations belonging to the state.

Article 2. Legislation governing the denationalization and privatization of enterprises

1. This law establishes:

1) the conditions and procedure of the denationalization and privatization of enterprises, organizations, and associations and their structural units, subdivisions, and affiliates and objects of incomplete construction (henceforward called enterprises) which are all-Union property;

2) the basic provisions pertaining to the organization of the denationalization and privatization of the said facilities that are the property of the republics and autonomous and administrative-territorial formations.

2. The terms and the procedure of the sale to bodies corporate and citizens of the stock (shares) of joint-stock companies and other economic companies and associations are determined by their constituent documents in accordance with this law and other legislation of the Union of SSR [Soviet Socialist Republics] and the republics.

3. The terms and the procedure of the leasing of enterprises are determined by the Fundamentals of Legislation of the Union of SSR and the Union Republics on Leasing and the legislative instruments adopted in accordance with them and also by this law.

4. The terms, procedure, and forms of the denationalization and privatization of the facilities specified in clause 1 of this article which are the property of the republics and autonomous and administrative-territorial formations are regulated by legislation of the republics.

5. The denationalization and privatization of housing and facilities of education, culture, physical culture and sport, health care, the historical heritage, and natural resources and also facilities that do not come under clause 1 of this article are regulated by other legislation of the Union of SSR and the republics.

Article 3. Principles of denationalization and privatization

The basic principles of denationalization and privatization are:

1) the preferential right of the enterprise work force to determine the form and procedure of denationalization and privatization;

2) assurance of the social protection of all citizens under the conditions of denationalization and privatization;

3) combination of the compensated and uncompensated nature of the transfer of title at the time of denationalization and privatization;

4) equality of the citizens' rights to obtain a portion of the property subject to uncompensated and compensated privatization in accordance with legislation of the Union of SSR and the republics;

5) glasnost and state and public supervision of the organization and realization of measures pertaining to denationalization and privatization.

Article 4. Facilities subject to denationalization and privatization

Enterprises of all branches of the economy which are all-Union property and the property of the republics and autonomous and administrative-territorial formations may be subject to denationalization and privatization.

Article 5. Subjects acquiring property as a result of denationalization and privatization

Upon denationalization and privatization the following may be subjects acquiring property:

members of the enterprise work force;

other citizens;

bodies corporate;

foreign bodies corporate and citizens and stateless persons.

Article 6. Rights of the subjects to acquire property

1. Members of the work force of a state-owned enterprise, including persons who have retired from this enterprise, and also persons with the right, in accordance with legislation, to return to their former place of work at this enterprise have a preferential right to acquire the property of this enterprise compared with other subjects, and citizens and groups of citizens of the USSR, compared with bodies corporate and foreign purchasers.

2. If the property of the enterprise is acquired by citizens who are not members of this work force, legislation of the Union of SSR and the republics may establish overall quotas for the purchase of the property being privatized and also a temporary ban on the right to resell and alienate the property.

For amounts in excess of the established quantity per citizen a declaration on the sources of income is presented.

3. For the purpose of preventing the inordinate concentration of capital and the monopolization of production legislation of the Union of SSR and the republics may establish overall quotas of the acquisition by banks and other bodies corporate of enterprises, stock (shares) and other property.

4. The programs of the Union of SSR and the republics may establish restrictions on and overall quotas of the acquisition of property being privatized both for individual foreign investors and all foreign capital.

The particularities of the participation of foreign bodies corporate and citizens in denationalization and privatization are regulated also by legislation governing foreign investments in the USSR.

Article 7. The body authorized to undertake denationalization and privatization

1. State-owned enterprises are denationalized and privatized by the State Property Fund of the Union of SSR and the corresponding authorized bodies of the republics and autonomous and administrative-territorial formations (subsequently called state property funds).

2. The State Property Fund of the Union of SSR operates on the basis of Regulations Governing the State Property Fund of the Union of SSR approved by the president of the USSR and accountable to the president of the USSR and the USSR Supreme Soviet.

3. The State Property Fund of the Union of SSR:

draws up programs of denationalization and privatization and presents them in the established procedure to the USSR Supreme Soviet;

organizes execution of the approved programs;

creates commissions or other working bodies for denationalization and privatization;

adopts the decision on denationalization and privatization;

adopts decisions on the granting of privileges;

exercises methods leadership and supervision of the denationalization and privatization;

presents to a court of law and court of arbitration demands for decisions and deals connected with denationalization and privatization to be deemed null and void and contrary to legislation;

annually presents an account of fulfillment of the program to the USSR Supreme Soviet.

4. The State Property Fund of the Union of SSR and the corresponding republic and local authorities may put together joint denationalization and privatization programs.

5. The state property fund may create state holding companies performing the functions of founders of joint-stock companies and holders of stock belonging to the state at the time of the conversion of state-owned enterprises and also other organizations necessary for the exercise of the functions entrusted to it.

Section II. FORMS AND PROCEDURE OF DENATIONALIZATION AND PRIVATIZATION

Article 8. State denationalization and privatization programs

1. For the purpose of the pursuit of a concerted official policy of denationalization and privatization the state property funds draw up and present for approval denationalization and privatization programs in accordance with the spheres of their jurisdiction.

2. The programs determine the priorities, scale, possible stages and branch, territorial, and other salient features of denationalization and privatization, the list of enterprises due for priority denationalization and privatization, the types and forms of the privileges granted, measures pertaining to implementation of the programs, and distribution of monies earned. The program determines the list of enterprises not subject to denationalization and privatization.

The program also incorporates the list of joint-stock companies previously created on the basis of Union enterprises the functions of the holders of stock thereof are to be transferred to the State Property Fund of the Union of SSR or state holding companies (in the event of their formation).

3. The programs are subject to antitrust expert appraisal and are examined and approved by the corresponding soviets of people's deputies.

Article 9. Procedure of the adoption of decisions in respect of enterprise denationalization and privatization

1. The initiative in enterprise denationalization or privatization may belong to:

the work force of the enterprise and of structural units of an association and also to the outfits of working people of affiliates and other structural subdivisions of an enterprise (the decision is adopted at a general assembly by majority vote of the members of the work force);

the enterprise council;

the state property funds and other organs of state power and administration;

other bodies corporate and citizens.

2. A decision on denationalization or privatization is adopted by the state property fund with regard for the economic situation of the enterprise and the proposal of the work force concerning the form of denationalization or privatization.

3. A decision on denationalization or privatization in respect of enterprises that have not been incorporated in the corresponding programs is adopted by the state property fund within three months from the day the proposal is submitted and is within a 10-day period conveyed in writing to the sponsors of the denationalization or privatization and the work force, unless otherwise stipulated by other legislation.

4. A rejection of denationalization or privatization may follow:

1) if an enterprise is on the list of enterprises not due for denationalization and privatization;

2) if account has not been taken of the particularities of denationalization and privatization envisaged for this type of enterprise;

3) if the preferential rights of the work force have been violated;

4) if there are other grounds for rejection stipulated by legislative instruments.

In instances provided for by subclauses 2-4 of this clause the state property fund should together with justification of the rejection indicate the conditions and timeframe in which denationalization or privatization may be effected.

5. Actions of the state property fund violating the rights of members of the work force and also other persons to title to an enterprise or its acquisition on lease may be deemed null and void by a court of law or court of arbitration upon the application of the person whose rights have been violated.

Article 10. Organization of work on denationalization and privatization

1. The denationalization and privatization commission created by the state property fund incorporates representatives of the state property fund, enterprise management, the work force, their organizations, the financial authority, the bank, the local authorities, and other specialists.

The commission may form groups of experts and enlist advisory, auditing, and other organizations with payment from the resources of the enterprise that is being converted, including the resources obtained from denationalization or privatization.

2. With regard for the opinion of the work force the commission draws up a plan of the denationalization and privatization of the enterprise and organizes its realization.

3. The commission determines the composition of the property complex due to be denationalized and privatized; conducts a stock-taking and valuation of its production and nonproduction capital; analyzes the financial and economic state of the enterprise and its development prospects; decides other questions, with regard for the requirements of antitrust legislation included; performs explanatory work in the work force.

4. In conjunction with the enterprise management the commission prepares in accordance with the established form the requisite information concerning the enterprise that is to be converted for the subjects participating in the denationalization or privatization and also for the public.

5. In accordance with the commission's proposal, the state property fund has the right to adopt a decision in respect of individual facilities of the production and social infrastructure on the enterprise's balance sheet. The following may be practiced here:

sale of the said facilities to members of the work force and other citizens and bodies corporate;

their uncompensated transfer to the ownership of members of the work force and other citizens and bodies corporate acquiring the enterprise, with the preservation, where necessary, of the conditions of the operation and financing of the facilities;

the transfer of the said facilities to the balance sheet of the local authorities or other state-owned enterprises.

Article 11. Forms of denationalization and privatization

1. Denationalization and privatization may be accomplished in the form of:

the conversion of a state-owned enterprise into a leased enterprise, collective enterprise, joint-stock company and other economic company or association, or a cooperative;

the acquisition by citizens or bodies corporate they form of stock (shares) that belongs to the state in joint-stock companies and economic companies or associations;

the redemption of state property on lease by the leasing enterprise or other lessee representing a body corporate or individual;

the sale of enterprises by competitive bid or at auction.

Republic legislation may provide for other forms of denationalization and privatization also.

2. A decision on the form of denationalization or privatization and the mode of payment is adopted by the state property fund with regard for the proposals of the work force and the recommendations of the corresponding commission.

Disputes concerning the form of denationalization or privatization arising between the enterprise work force and the state property fund are resolved by a court of arbitration.

Article 12. Conversion of the state-owned enterprise into a leased enterprise and redemption of the leased property

A state-owned enterprise is converted into a leased enterprise and the leased property is redeemed by legislation of the Union of SSR and the republics governing leasing and also the terms of the lease concluded with the state property fund or the organizations which it creates.

Article 13. Conversion of the state-owned enterprise into a collective enterprise

1. A state-owned enterprise is converted into a collective enterprise on the basis of an agreement concluded with the state property fund concerning the redemption of the property of the state-owned enterprise by members of the work force. The redemption is effected on a one-time or deferred-payment basis on the terms and in the procedure determined by the agreement in accordance with legislation of the Union of SSR and the republics.

2. Property owned by the collective enterprise is divided into contributions (shares) of all employees in the procedure provided for by its charter.

Article 14. Conversion of state-owned enterprise into joint-stock companies

1. The procedure of the conversion of a state-owned enterprise into a joint-stock company is determined by legislation of the Union of SSR and the republics. The State Property Fund of the Union of SSR (given the absence of other founders, individually) or, at its behest, state holding companies act as the founders of the joint-stock company upon the conversion of an enterprise that is all-Union property.

2. The founders of the joint-stock company determine the procedure and conditions of the distribution of stock. The following may be holders of the stock:

members of the work force and Soviet and foreign bodies corporate and individuals;

state property funds, state holding companies, and other organizations created by the funds.

3. Upon the conversion of a state-owned enterprise into a joint-stock company the stock is issued for the full value of the property of the enterprise, which is determined by the commission.

Article 15. Sale of a state-owned enterprise by competitive bid and at auction

1. The procedure of the sale of state-owned enterprises by competitive bid and at auction is established on the basis of the corresponding regulations.

2. For a state-owned enterprise to be sold at auction its appraised value is its initially designated price, unless otherwise established by republic legislation.

3. Employees of the state property fund may not participate in competitive bids and auctions for the sale of enterprises that are state property as purchasers and use the information available to them for the purpose of deriving personal advantage. This provision extends to the said persons also for a year following termination of their performance of their official duties.

Article 16. Conditions of denationalization or privatization, procedure of official registration of the deals

1. Upon denationalization or privatization the agreement between the state property fund and the new owner of the enterprise may provide for an agreed period, but for not more than three years, for the following commitments:

preservation of the profile of the enterprise, the list of manufactured products, and the minimum production thereof;

supplies of the products to particular consumers;

implementation of measures pertaining to ecological safety and environmental protection;

upkeep of general amenities and the production infrastructure and preservation of the conditions of their functioning;

particular features of social and everyday provision for the employees.

Violation of the assumed commitments entails the parties' liability as specified by the agreement and may be grounds for the abrogation of the agreement on denationalization and privatization in accordance with the ruling of a court or law or court of arbitration.

2. Upon the conversion of a state-owned enterprise into an enterprise based on other forms of ownership it becomes its successor, this including the right to use of the land and other natural resources.

3. Upon the redemption of enterprises that are all-Union property title is transferred to the new owner on a deferred basis following payment of the initial redemption fee with the assurance of subsequent payments by the mortgaging of the property of the enterprise. Prior to payment of the full cost of the enterprise, the agreement may establish restrictions on the right to dispose of the property, including a ban on the sale or uncompensated transfer of this property.

Section III. FINANCIAL RELATIONS IN THE PROCESS OF DENATIONALIZATION AND PRIVATIZATION

Article 17. Valuation of enterprise property

1. The property of a state-owned enterprise to be converted is valued by the denationalization and privatization commission in the procedure and on the terms established by legislation.

2. The property of a state-owned enterprise to be converted is valued on the basis of the existence and actual condition of the property established according to the results of the stock-taking, actual prices, and also other factors influencing the appraised value.

The property to be valued includes fixed and working capital and also other assets, whose value is reflected in an independent balance sheet of the enterprise.

Upon determination of the appraised value of the property account is taken of the financial and economic state of the enterprise, its right to the results of intellectual activity, demand for the manufactured product (services rendered), the profitability of production, prospects of the development of and a change in economic indicators, and other factors.

Article 18. Sources of the resources for the redemption of enterprise property

1. The property of a state-owned enterprise to be converted may be acquired from all owned and loan capital, including special means of payment issued for this purpose, available in accordance with legislation to the citizens and bodies corporate.

Budget appropriations and other centralized sources may not be used to redeem property being privatized.

2. Members of the work force of the state-owned enterprise due to be denationalized or privatized may effect the redemption from the following sources:

1) the part of net profit transferred to them;

2) depreciation allowances and earnings from the sale of property they own;

3) bank credit and other loan capital;

4) personal resources, including special means of payment;

5) other assets that are not the property of the state.

3. The assets of foreign investors may serve as sources of resources for the redemption of the property of state-owned enterprises.

4. An agreement between the Union of SSR and the republics may establish the procedure and conditions of the use for the purpose of redemption of enterprises that are all-Union property of special means of payment (certificates, coupons and so forth) issued by the republics upon uncompensated privatization.

5. The cost of enterprises being converted may be paid for on a one-time or deferred basis.

The amount of the initial payment upon the sale on deferred- payment terms of an enterprise that is all-Union property may not be less than 20 percent of its value, and the duration of the deferment must not exceed 10 years.

Article 19. Use of the resources obtained from denationalization and privatization

1. The resources obtained from the denationalization and privatization of state-owned enterprise are the property of the state.

2. The resources thus obtained are channeled first and foremost into paying off the debts of the enterprise being privatized if at the time of its valuation it has not been reduced by the amount of the enterprise debt.

3. The procedure and direction of the use of resources from enterprise denationalization and privatization are determined annually in the programs in accordance with legislation of the Union of SSR and the republics.

The use here of resources from denationalization and privatization is tied in with the need for the liquidation of the national debt, stabilization of the economy, and the implementation of social policy.

Section IV. SOCIAL QUESTIONS OF DENATIONALIZATION AND PRIVATIZATION

Article 20. Privileges granted upon denationalization and privatization

1. Upon the denationalization and privatization of enterprises that are all-Union property the following privileges may be accorded members of the work force and persons who have retired from the given enterprise and also persons with the right, in accordance with legislation, to return to their former place of work at this enterprise:

the uncompensated transfer of title to or the use of individual facilities of the production and social infrastructure on the enterprise balance sheet;

the sale of stock and other property on a deferred-payment basis;

the sale of stock and other property at preferential prices.

The overall amount of the privileges with regard for the special means of payment obtained by the employees may not here exceed 30 percent of the valuation of the property being redeemed.

2. In the event of the new owner assuming commitments specified in article 16 of this law, the State Property Fund of the Union of SSR may grant an additional discount of the order of up to 10 percent of the valuation of the enterprise.

3. Property whose degree of wear and tear is in excess of 70 percent may be transferred to the work force free of charge, which is officially recorded by a special decision.

4. The privileges and the procedure and terms of their application in respect of enterprises which are the property of the republics and autonomous and administrative-territorial formations are regulated by legislation of the republics.

Article 21. Guarantees for employees under the conditions of enterprise denationalization and privatization

1. Members of a work force released from an enterprise in connection with its denationalization or privatization have equal rights with other employees to the acquisition of a portion (share) of the property of the enterprise.

2. Released employees are guaranteed the rights specified by current legislation for employees at the time of enterprise reorganization.

Employment of the released employees and other social safeguards are ensured in accordance with legislation of the Union of SSR and the republics governing employment.

Article 22. Information concerning denationalization and privatization

1. Following confirmation by the USSR Supreme Soviet, the programs of the denationalization and privatization of enterprises that are all-Union property are published within a month's time.

2. The information concerning the denationalization and privatization of enterprises published by the state property fund specifies:

the location and main specialization of the enterprise; the extent and structure of fixed and working capital (assets); the degree of wear and tear of the fixed capital; the amount of debt and credit; profitability of the enterprise; the proportion of imported equipment in real fixed capital; annual production (annual turnover) and the proportion of products (services rendered) manufactured for export; numbers of employees; list of social facilities and general amenities on the balance sheet of the enterprise; the appraised value of the property; data on the ecological condition of the enterprise and other necessary information.

3. Information concerning deals pertaining to the acquisition by Soviet and foreign citizens and bodies corporate of the property of enterprises not redeemed by their work force is to be recorded, collated, and monitored.

4. Information concerning the results of denationalization and privatization is to be published within a two-month period.

Agricultural

Stroyev To Address Agricultural Reform Meeting

PM2806101191 Moscow PRAVDA in Russian
26 Jun 91 Second Edition p 2

[Correspondent A. Vorotnikov report under the "News for the Edition" rubric: "They Came to Table, But Not To Dine"]

[Text] An international conference entitled "Agrarian Reform in the USSR" has opened in Saratov. It is being held by the International Association of Agrarian Scientists. Specialists from the USSR, Britain, and Denmark are taking part in it. The program includes a speech by Ye. Stroyev, member of the Politburo and secretary of the CPSU Central Committee, and a report by the association's president, Academician A. Nikonov. The intention is to discuss such topics as "The Dynamics of Agrarian Reform in the USSR," "The Transformation of Ownership and the Development of Forms of Economic Activity in the Agrarian Sector," etc. at the plenary sitting and "roundtable."

Terms for Military Shipment of Food Changed

PM0107151591 Moscow PRAVDA in Russian
28 Jun 91 Second Edition p 2

[Unattributed report under general heading: "In the USSR Cabinet of Ministers and the Russian Soviet Federated Socialist Republic Council of Ministers"]

[Text] The USSR Cabinet of Ministers has instructed the USSR Defense Ministry to use its aircraft to transport fresh fruit and vegetables in 1991 from southern to other regions of the country in accordance with contracts that have been concluded with freight dispatchers (freight recipients).

Payment for transporting fresh fruit and vegetables by USSR Defense Ministry aircraft is being made in line with USSR Ministry of Civil Aviation tariffs for transporting freight by scheduled flights, not counting the expense of getting the aircraft to the loading airfield. This means that a fee is payable to allow military aircraft to take off and land at civil airfields.

It has been decided to exempt the USSR Ministry of Defense from transferring to the Union budget 70 percent of the funds it receives from the freight dispatchers (freight recipients) for transporting fruit and vegetables.

Environment Must Not Be Sacrificed for Diamonds

PM2806140591 Moscow IZVESTIYA in Russian
24 Jun 91 Union Edition p 6

[Interview with V. Osipov, director of the USSR Academy of Sciences Geological Engineering and Geo-Ecological Center and corresponding member of the Union Academy of Sciences, by correspondent K. Smirnov; date and place not given: "Diamonds at Lomonosov's Birthplace"]

[Text] The mass media have run a sensational story: A major diamond field has been found near Kholmogory, birthplace of the great Lomonosov. And the diamond-bearing province stretches almost as far as Moscow. IZVESTIYA correspondent K. Smirnov asked V. Osipov, director of the USSR Academy of Sciences Geological Engineering and Geo-Ecological Center and corresponding member of the Union Academy of Sciences, to comment on these reports.

[Osipov] Such a field has been discovered in Arkhangelsk Oblast. But Kholmogory was added for effect. Kholmogory is south of the oblast center, while the diamonds have been found 100-200 km north of it. According to forecasts, the diamond-bearing province could indeed be widely distributed along the rim of the so-called East European platform. But as yet these forecasts have only been confirmed on a small area of land.

And a further clarification: The discovery was made in the early eighties. But it is difficult to blame the press and television for reporting it as a scoop only now. All this was simply kept under wraps at the time.

Usually new diamond and gold mines are a source of joy for geologists and make a sizable contribution to the state coffers. But this considerable find also worries me, because whenever, throughout our many years of practice, the extraction of precious minerals has been involved, all environmental bans have been completely jettisoned. What if that were to happen this time too?

If accelerated exploitation of the field starts without carrying out a serious environmental study and without including the cost of environmental protection and restoration in the cost of the basic product, this part of northern Russia, so richly steeped in historical and cultural traditions, which has given Russia scientists, artists, and marvellous virtuosos, could very quickly become an environmental disaster area. The life and health of people and the environment are too high a price to pay even for diamonds. Today we are finally beginning to understand this.

And the environmental situation here is fraught with many snags for mining operations. Three mining operation options are, for example, now under examination: An open method, and each open-cut mine could extend over several square kilometers; an underground method, involving sinking shafts; and finally a combined method, initially open and then with shafts. Each has it merits but also its difficulties of application in this locale.

The conditions for storing the overburden and waste rock are extremely complex. Accidents in tailings dumps are a dreadful environmental disaster. But who will provide a technical guarantee that there won't be any? It is no wonder that the local press is exhibiting natural wariness regarding precisely those environmental problems associated with developing the field.

My viewpoint is that today it is no longer possible in principle to mine minerals, particularly precious ones, regardless of environmental consequences. The cost of environmental conservation and restoration should form part of the prime cost of exploiting our natural resources.

Agricultural Developments in Ukraine Reported

LD2706014191

[Editorial Report] Moscow All-Union Radio Mayak Network in Russian at 2100 GMT on 21 June reported that an alarming situation has developed in the Ukraine. Last year, despite an incredible harvest, the Republic's farms failed to procure 2 million tonnes of grain on the state order. Many of those who sold above-plan grain have still not received the promised equipment or construction materials.

This is why the enterprises have made contracts to supply only 14 million tonnes of grain, with state orders of 17 million tonnes.

Today the Ukraine is teeming with representatives from the Baltics, the Caucasus, and Russia. They have begun buying up the future harvest while it is still growing—and are offering not only higher prices, but also payments in equipment and materials.

These alarming facts were reported today by our correspondent Vladimir Sokolov. The parliamentary group of communist deputies at the Republic's Supreme Soviet has demanded the immediate adoption of the law on bread grain.

Scientific

'Resource-F' Satellite Launched 28 Jun

LD2806151291 Moscow TASS International Service in Russian 1437 GMT 28 Jun 91

[Text] Moscow, 28 Jun (TASS)—The latest "Resource-F" satellite was launched today in the USSR by "Soyuz" carrier rocket. The satellite's scientific apparatus is designed to carry out multi- scale, multi-zonal, and spectral zone photography. The satellite will continue research on the Earth's natural resources in the interests of the various branches of the USSR national economy, finding solutions for ecological problems, and international cooperation.

The satellite has been launched to the orbit with the following parameters: initial revolution—88.8 minutes; maximum distance from the Earth's surface - 269 km; minimum distance—192 km; inclination of orbit—82.3 degrees.

The equipment is operating normally.

Proton Rocket Launch Postponed Until 2 Jul

LD2806202491 Moscow Central Television First Program Network in Russian 1530 GMT 28 Jun 91

[From the "Vremya" newscast]

[Text] The next item in our program is a report from our special correspondent at the Baykonur cosmodrome, A. Gerasimov:

According to information we have received, the launch of the Proton rocket-carrier, which was supposed to have blasted off tonight to take a Gorizont satellite into geostationary orbit, has been postponed until 2 July, at least. That is the period Baykonur experts will require t check all the launch systems.

With a few minutes to go before lift-off, a reset of the launch control system occurred. A check was immediately mounted, and it showed that the circuits were in full operational order.

You will realize that space technology is finely-balanced, and it's best not to take any risks. All the more so as the current Gorizont satellite to be launched by the space units of the country's Ministry of Defense is intended for the Russian Ministry of Communications, Information Science, and Space. It is the second of a trio of space equipment items belonging to the Russian Federation. It will provide telephone communications for rural parts of Siberia, and increase substantially the number of second television channel viewers in the Urals region. One hopes that the second launch attempt will succeed.

Mir Cosmonauts Replace Antenna on EVA

PM2806142391 Moscow Central Television First Program Network in Russian 1800 GMT 25 Jun 91

[From the "Vremya" newscast: Report by A. Gerasimov, identified by caption, from flight control center]

[Text] [Gerasimov] Members of the ninth main expedition to the "Mir" space station have been on the first of their eight scheduled EVA's [extravehicular activities]. Their main task was to replace the docking system antenna which was mysteriously damaged during the previous crew's work.

Allow me to remind you that in spring of this year the Progress M-7 cargo craft nearly crashed into the station while trying to dock. The trouble was caused by the selfsame antenna, from which the reflector mirror has disappeared without trace. The specialists who installed the antenna had not envisaged that it would ever have to be dismantled. And so Anatoliy Artsebarskiy and Sergey Krikalev had a hard job unscrewing nuts which had seized up. But one way or another, the cosmonauts replaced the antenna, and so the next Progress cargo craft which is due in August should have a soft docking.

On the way to their job, the cosmonauts installed on the surface of the Kvant-2 module an experimental (?girder)—the prototype of future space building materials from which large structures will be assembled. Provided, of course, that the funds necessary to continue space research are available within the next few years. After all, the current government draft anticrisis program makes no provision for direct allocations to space research. It is appropriate here to cite the historical example of the Soviet mock science—cybernetics. After all, catching up is always difficult. It is possible here too to fall behind forever. But while there are funds and the possibility of working in space, the flight control center can afford to exchange a joke with the cosmonauts who have returned to the station after their EVA.

[Flight director] Thank you. We are pleased. Everything is fine. Many thanks for your work.

[Artsebarskiy] Provided we did not crush anything underfoot on our way. [brief unintelligible exchange with Krikalev]

Alternative to Next Mir Orbital Station Proposed

LD2906125291 Moscow Radio Moscow World Service in English 0710 GMT 28 Jun 91

[Remarks by Boris Belitskiy, Mir space station flight engineer, place and date not given—recorded; Belitskiy speaks in Russian with superimposed translation to English]

[Excerpts] The Soviet space station Mir continues its flight in Earth orbit. [passage omitted]

[Belitskiy] It's hoped that some of the materials processing and biotechnology work aboard the space station will yield a profit. I realize figures are dull to listen to, but let's make an exception to that rule in this case. After all, these figures concern the Soviet taxpayer.

Well, as some press commentators have pointed out, the Buran space shuttle cost 14 billion rubles, and there's still no end in sight to its testing, and nor is there a clear programme of how it's to be used. The pair of Phobos space craft lost in space cost the nation (?alone) 300 million rubles, and this list could be continued. So it's not surprising that many commentators are insisting that the financial ledger of space activity be subjected to close scrutiny—the more so since there are some alternative projects being aired.

For example, as an alternative to the next, Mir 2, orbital station, one of the designing organizations here has proposed creating a 100-tonne factory in orbit. The factory would turn out a tonne of products every year, and the product in question, by the way, costs thousands of dollars a gram on the world market. The factory would operate in the unmanned mode, and would merely be visited a couple of times a year by cosmonauts who would charge its furnaces, remove the product, and carry out the necessary maintenance and repair work. The cost of such a project would be 1.2 billion rubles, and the cost of the products (?will) be 3 to 8 billion. This, commentators feel, is worth serious consideration by those who shape Soviet space programs.

Reporters Tour 'Secret' Chelyabinsk-70 City

PM0107134191 Moscow KOMSOMOLSKAYA PRAVDA in Russian 26 Jun 91 pp 1,4

[Special correspondent A. Khokhlov article: "The Emperor Bomb. First Ever Reportage From a City Which Held Mankind's Future in Its Hands"]

[Text] The Americans spent more than three decades fruitlessly looking for this Soviet city. It was only a few years ago that CIA analysts succeeded in identifying the object of their quest among the multitude of "post office boxes" and even to obtain photographs of it taken from space. As a matter of fact, even this scant information about the city where the majority of our nuclear charges are conceived and designed was not released to the U.S. public at large, let alone the world public. This is why we can only describe as an unexpected gift the suggestion, received from Professor V. Mikhaylov, USSR deputy minister of atomic power and industry, that we visit Chelyabinsk-70 and the Technical Physics All-Union Scientific Research Institute [VNIITF] located there. We succeeded in visiting a place where access to outsiders is prohibited, and to see that which to this day has been a state secret of the highest classification—the Soviet nuclear bomb.

Beyond the Atomgrad Fence

...Closed cities begin at checkpoints and strips of no-man's land reminiscent of border zones, with their several rows of barbed wire fencing. Life goes on as normal beyond the border separating this Soviet city from the rest of the country. The only difference being that children here play out in the streets until late at night, and adults leave the keys to their apartments underneath the doormats. Another difference from the "outside world"—people work from dawn till dusk and even later, and even when they go to bed they tend to tuck their slide rules or microcalculators underneath their pillows.

Chelyabinsk-70 is similar to Arzamas-16, which our newspaper described in November 1990, while the VNIITF is the twin brother and competitor of the Experimental Physics All-Union Scientific Research Institute in Arzamas. There are fewer that 10 such unique scientific centers in the world.

The city and the institute came into being simultaneously in 1955. At that time the top political circles in the country believed that war with the United States was inevitable, even though this was not widely publicized. Evidently, the Americans held the same belief. Arzamas-16 was one of the first installations on a list of targets due to be destroyed, contained in plans for the nuclear bombing of the USSR which were obtained by Soviet intelligence. It was decided to build another center in the Urals so as to disperse the scientific potential of this leading sector of science. War with the United States did not materialize, but an important "side" effect was achieved. Nuclear physics in the state of supermonopolism started developing on the basis of tough competitive struggle between two most powerful scientific groups. This may be the chief reason why the USSR achieved parity in strategic arms with the United States, which the Americans themselves still perceive as the most important guarantee of peace and stability on earth.

The city started with Site No. 21. Even before the war this site housed a "sharashka" [Gulag-administered scientific research facility staffed by camp inmates], where biologists conducted radiological experiments in a building next to a hut-dacha occupied by "All-Union Elder" M.I. Kalinin. Work on an even broader scale was launched there after the war. The institute's buildings and housing blocks shot up next to hothouses and open garden plots where test plants were being watered with radioactive "juice," and only later did the city "spill over" along the banks of beautiful Lake Sinara.

The institute did not develop from scratch, either. K. Shchelkin, Ye. Zababakhin, M. Yangel, D. Vasilyev, B. Ledenev, and G. Lominskiy all worked in the VNIITF. It will probably take quite some time before we find out what these people did and what contribution they made to science.

But the bulk of the city's residents were not wise old men. Talented young people arrived in Chelyabinsk-70 straight from university. The country's scientific potential was being rigorously selected. Not on the basis of personnel files and questionnaires as one might imagine, but on the basis of brains and talent.

"We went behind the 'barbed wire' without regrets and without emotions," VNIITF Chief Engineer Valentin Grigoryevich Rukavishnikov recalls. "We knew that we would be engaged on work of the greatest importance for the country—its defense. We worked like men possessed. 'Workaholism' was universal and was considered a natural phenomenon. Meanwhile we led a merry and open life..."

Of course, the times when summertime scientific seminars were conducted... in the lake—the audience in the water and the speaker on a sunbed so that he could concentrate on the topic—are long past. Only old-timers recall the times when the whole city would go out "in nature" for communal campfire singsongs. Nowadays the doctors and candidates of sciences spend their days off working hard on garden plots. The dacha settlement, known for three decades as the "Hill of Fools," has been renamed—in the spirit of the times—the "Field of Miracles." The city's residents—half-scornfully and half-enviously dubbed by all their low-income neighbors in the Urals as "softies" because of their comparatively higher standards of living—have discovered the meaning of lines, coupons, and the impossibility of managing from one payday to the next. The city has grown up and life in it has become tougher.

Just like everywhere else.

But even this special city has its own special worries. The majority of people are not perturbed by coupon and ration card worries. Today the greatest worry of people who have prided themselves all their lives for actually working in the defense industry is that the country no longer needs their labor.

If You Want Peace—Prepare for War?

Yevgeniy Nikolayevich Avrorin, scientific leader of the VNIITF and corresponding member of the USSR Academy of Sciences:

"Today we may be taking the first steps toward World War III. Peace can be preserved only under parity of the superpowers' nuclear forces. And yet we are disarming. Most of the initiatives in recent years concerning the unilateral moratorium on nuclear tests and cutbacks in budget finance for defense science are just unilateral disarmament concealed beneath ringing phraseology.

Just think, is anyone else in the world likely to defend our interests if we do not do it ourselves? Why should anyone conquer us, you may ask? Well, simply in order to set up harmful production processes on our territory or to extract our natural wealth."

This may sound somewhat unusual or unpleasant to some people, but we did not encounter a single pacifist among the scientists in the city of nuclear physicists. But we did not encounter any inveterate villains either, we talked to people who are convinced that the opinions they expressed were correct. Yes, of course, the nuclear bomb is something evil, we were told. But until the world changes, it is a necessary evil as a guarantor of stability.

Professor Boris Vasilyevich Litvinov, doctor of technical sciences and VNIITF chief designer:

"How can anyone talk about 'qualitative parameters' for the strengthening of defense if tomorrow our numbers and our 'skills' will be inadequate to surpass our geopolitical rivals? Maybe we should reduce the quantity of excessive 'stockpiles' of nuclear combat ammunition and tanks. In exchange for 100 existing ones, however, we scientists ought to develop [skonstruirivat] one single new warhead which would make it possible to maintain parity. The government is not giving us an opportunity to do this."

On the other hand, it has given the military-industrial complex scientists an opportunity to help the starving and exhausted country. A correct decision, and the only right one. But the institute (and how many more like it?) has been dropped into conversion like a puppy in deep water. Unaccustomed to such shocks, having received money from the state's hands all through its existence, how does it manage to keep afloat?

The VNIITF's uniqueness is not rooted in the fact that it makes nuclear bombs. People here can make whatever they like. This is no exaggeration. Chelyabinsk-70 has always been self-reliant. If the manufacture of the next "product" required the development [sozdaniye] of new technology, it was developed. This applied to alloys of certain metals with predetermined specifications, all sorts of composite materials, and the mathematical elaboration of problems. All this was done and is being done. But will it be done tomorrow?

It would probably be easier to manufacture pans or videotape recorders. Our defense industry is nowadays virtually 100-percent committed to this kind of conversion—swift, convenient, profitable.

But let us roam the realm of imagination, the scientists suggested. Say that in 5 to 10 years' time everyone has a colander made of rocket alloy and a "video." The appetite, which comes with eating, will demand more and more science-intensive "dishes." Maybe we ought to borrow the Japanese experience? After all, following their defeat in World War II, the Japanese also got down to purchasing plants and technologies. But they came to their senses and, using mass infusions of finance, they got their own science on its own feet and it is now renown all over the world...

Buying Scrap From COCOM?

I think that the main mistake committed by our military-industrial complex was that our military technologies were "classified" and not channeled into the national economy. U.S. nuclear physicists are working on a 50-50 basis: One-half of developments [razrabotka] are for the Pentagon, the other half for the country. This is what we should have done as well. But in our country, compared with the developed West and East, expenditure on science has always been and still remains scant. Nuclear parity was probably achieved by our scientists only thanks to the "law of compensation," according to which the poor and the hungry are always more quick-witted and sharper than the well-fed and the rich...

The VNIITF is also unique because conversion was actually approached the smart way. A competition was announced for the most science-intensive conversion elaborations [razrabotka]. More than 100 applications were submitted, just 20 were selected.

One of the most interesting avenues that is extremely necessary for the country during transition to the market is the "turnkey" development [sozdaniye] of fiber-optic communications lines. Their development worldwide has been going on for about 20 years. The last 7-8 years have seen a headlong process of introduction. Several scientific research institutes have struggled over this in our country, 1.5 billion rubles [R] have been spent, but... The VNIITF started work on fiber-optic communications lines in 1988. In just three years (!), A. Barulin's group has arrived at the point which the Americans reached after 10-12 years at the cost of $2 billion. Just a single fiber in the cable, with a diameter of 125 microns and costing R1 per meter, can simultaneously carry 7,000-8,000 telephone conversations and several cable television and stereo radio programs. When coupled to an electronic computer, "productivity" can increase at least fivefold. In 1993, following the prototype design tests, series-production plants could be manufacturing up to 40,000-50,000 km of fiber-optic cable. But they probably will not.

The final stages of the fiber-optic communications lines program, which has now acquired the status of state program, will require R60 million. The Cabinet of Ministers has allocated R10 million. Will we ever attain world standards?

Alas, the outside world will not help us here. Last May's Paris meeting of member states of the Coordinating Committee for Control of Exports to Socialist Countries [as published] (COCOM) decided to supply the USSR only with technology dating back to the early eighties. U.S. delegation head Allan Wendt made a peculiar statement concerning the sale of fiber-optic communications lines to us:

"During the Persian Gulf war we were convinced that such systems are virtually invulnerable. All the Russians need to meet their requirements are simple old-fashioned telephones instead of state-of-the-art equipment with numerous attachments..."

We were shown many conversion elaborations [razrabotka] in the institute. All the "excursions" started and finished in exactly the same way. Enthusiasm and smiles when talking about science and technological breakthroughs. Skepticism and depression when talking about money...

Conversion—always and everywhere—starts with costs: The state today is investing in the military-industrial complex the money required for conversion, and tomorrow will reap fabulous profits. We Soviets really take a strange pride in taking everything and dividing it equally, each one receiving his share of compensation. But before that happens, the Committee for Poor Peasants rules are applied and everything is confiscated.

Genghis Khan used to collect a 10-percent levy. Otherwise, he believed, the taxpayers would not survive. The Biblical Pharaoh skimmed off one-fifth of the people's incomes—the Jews ran away from him into the desert. Pavlov's cabinet is grabbing a great deal more from enterprises and scientific research institutes...

"We cannot engage in price hooliganism like other enterprises, we have the state's interests at heart," G. Morozov, deputy chief engineer for conversion matters, reflected. "We have a full order book, and we can fulfill these orders quickly and properly. But how can this be done when the clients themselves are as poor as 'church mice,' capable of scraping together the money for finished products but have nothing to spare for research and development?"

The Americans are also busy converting. If the journal NEW SCIENTIST is to be believed, the 1991 appropriations for research and development for switching military science and industry onto civilian tracks have increased 12 percent compared with 1990. This is against a 4-percent increase of finances for defense-related research and development.

In our country, if official statistics are to be believed, defense finances as a whole have been reduced by 18 percent, finances for the Army's weapons procurement have been reduced by 18 percent, and finances for research and development for military and conversion programs have been reduced by 30 percent.

The salaries of VNIITF scientific associates today are much lower than the wages of trolleybus drivers in Moscow. Defense industry scientists are an elite group only by reputation and work regime. It is difficult, but there is nowhere else for them to go.

Physicists and mathematicians in Chelyabinsk-70 like comparing their institute with Los Alamos and Livermore. There is probably no need to specify who comes out better from such comparisons. Nevertheless, having the state's interests at heart, they still think along state lines.

Doctor of Sciences Petr Ivanovich Koblov, deputy chief designer:

"The USSR has already cut back its Navy and Air Force in the past. A packet of money was spent on that. The situation was later restored. And how much did that cost? The antialcohol campaign was the same—people were reduced to glue-sniffing. But the vineyards that were dug up will grow back again in 10 years' time. But if the nuclear physics sector were to be disbanded today—and this is where we are going—it may never be revived again. It could happen—paradoxical though it may sound—that we would be able to join the world's civilized society only by hanging on to our missile warheads, without losing our own self-respect and other people's respect for us in the world and by switching the state-of-the-art military technologies into the civilian sector."

...Contrary to all expectations, we rarely heard the word "cannot" in Chelyabinsk-70. We were taken to all the secret projects and were shown everything that we asked to see. The most-favored status in this special-status city did not apply in just one single case: When we asked to be shown a nuclear bomb.

But we wanted to see it so much... Not a single journalist in the world has ever succeeded in this—to see, let alone to photograph, a model of Soviet nuclear weapons. Professor Viktor Nikitovich Mikhaylov, USSR deputy minister of atomic power and industry, came to our help again.

There were two bombs. One was obviously a more "ancient" model. Huge, with "horns." Was that the one with which Khrushchev threatened the "foes" from the UN rostrum? The other one was smaller. Looked like an ordinary aviation bomb. The canvass screen which sectioned off the huge hall reliably concealed from us the other exhibits housed in what could be either the country's sole museum or an ordinary warehouse for "product" models which can blow up and destroy the earth...

Geologists Discover Diamonds in Arkhangelsk

OW2806102691 Moscow Central Television First Program and Orbita Networks in Russian 1900 GMT 23 Jun 91

[V. Bogomolov video report; from the "Utro 120 + 30" program]

[Text] Who of us in childhood has not dreamed of finding a hidden trove or digging up buried treasure? Apparently, for some, these dreams continue into adulthood. The thing is to believe in the saying: Seek and you will find. Then just a few simple trifles remain—one simply must know where to look for the treasure and how to do it. [Video shows geological sample, then a man and a woman looking in a microscope]

[Begin recording] [Bogomolov] You are the first, besides the specialists, to see this splendid sample of kimberlite. It was found by Vladimir Shchukin's detachment of geologists on the banks of the Severnaya Dvina River. Three long years passed before the geologist was allowed to show his finds. It was not by chance that with it Vladimir Shchukin found diamonds in the deposit. The find was preceded by very lengthy analytical work involving the study of historical material, and after that, everything was very simple.

[Shchukin] We were there for three or four days. We spent one day simply trying to establish the place where, theoretically, there was a possibility of discovering diamonds. Historically, the diamonds were large and one could only find them visually. First we selected a section where such a find could be made, and then we collected 12 samples.

[Bogomolov] That was all?

[Shchukin] That was all.

[Bogomolov] Not bad!

[Shchukin] We found a fragment of kimberlite, two diamonds, and a full complement of auxiliary minerals in the 12 samples. [Video shows a wall map, a female worker at a microscope, and then Shchukin examining samples]

[Bogomolov] Later, Shchukin's detachment worked two more seasons. Along with the geologist, youths from the Young Geologists group searched for kimberlite, and they were the ones who found an overwhelming number of kimberlite samples.

[Official] Geologists from the Arkhangelsk Oblast Geological Administration are preparing to go to the field. We hope to find new diamond-bearing regions in Arkhangelsk Oblast.

[Bogomolov] It is a pity that the 80 kimberlite pipes already discovered in the north are still idle. [end recording]

Military

Pacific Exercises in Sea of Japan 14-16 Aug

LD0107101891 Moscow All-Union Radio Mayak Network in Russian 0900 GMT 1 Jul 91

[Text] From 14 to 16 August in the northern part of the Sea of Japan exercises of the Pacific Fleet forces will take place for the purpose of working through issues of defense of the USSR coast. Nineteen warships and launches and 34 aircraft and helicopters will take part in the exercises. The total number of participants will be (?up to) 10,000 men. Foreign observers and representatives of foreign media have been invited to the exercises.

Deputies Attack Military Abuse of Privilege

PM0107154391 Moscow NOVOYE VREMYA in Russian No. 24, Jun 91 (signed to press 10 Jun 91) p 17

[Report by Tatyana Lekhto under "Army and Society" rubric citing two USSR people's deputies: "The Struggle for Privileges. The Country's Highly Developed System of Privileges Has Come Through the Perestroyka Years Unscathed..."]

[Text] The USSR Supreme Soviet is about to pass an extraordinary budget for the second half of 1991. Ministry of Defense expenditure will also have to be reviewed. At the beginning of the year the battle for the military budget was won by the top brass, who declared that 96.5 billion rubles [R] was the minimum necessary to ensure that the Soviet Union's defense capability would not suffer. The hearings of the Union parliament Commission on Questions of Privileges and Advantages on the subject of "shortcomings and abuses in the utilization of military transport aviation" make you wonder: Is this really so?

People's Deputy Ella Pamfilova, secretary of the USSR Supreme Soviet Commission on Questions of Privileges and Advantages:

This is not the first time that we have investigated shortcomings and abuses in the Ministry of Defense. The first hearing was devoted to the same department's dachas and country estates. Our Commission adopted a resolution on violations tolerated by the Ministry of Defense during their use, and the Ministry of Finance carried out an audit which confirmed our findings.

The names which feature in the latest hearings on the misuse of military transport aircraft are essentially the names of marshals and generals with which we are already familiar from the "dacha affairs." It is the same people who were buying on the cheap the furniture from the dachas that were being vacated. The ways of the idle rich are flourishing among the top brass. It is they who undermine the Army from the inside.

When I addressed the Supreme Soviet, Deputy Umalatova stood up "in defense" of the armed forces: "Hands off the Army. Don't stir people up. Stop your attacks." No one is attacking the Army. I, for example, am pained by what is happening in the Army. All the social ulcers in the Army are now exposed, just as in the rest of society. Add to this the conversion, troop withdrawals from other countries, and the cuts in the armed forces. This means a mass of social problems: The lack of provision made for our officers and their families, their ghastly living conditions. Our boy-soldiers perishing in Transcaucasia. What for? Is it possible to attack the Army, to attack these people who are suffering through the fault of our politicians? It is not we who are undermining the prestige of the Army, but the generals who are lording it.

The Commission has no one to lean on. We do not have independent experts. There are experts who are capable of carrying out a skilled and exhaustive investigation, but they have no powers. "Untouchable" departments have always been secret, never investigated by anyone. Recently we heard the reports of a number of Cabinet of Ministers ranking officials and were able to convince ourselves that not even the Ministry of Finance has carried out audits of the top organs of power. They are completely out of control.

In my opinion, it is basically impossible to resolve the question of eliminating privilege within the discredited system which still exists. Our Commission merely causes irritation everywhere. Even in the Supreme Soviet. We are constantly told: This is not the place, this is not the time, wait. Whom can we instruct to carry out an investigation? The military prosecutor's office? Chief Military Prosecutor Katusev, who conceals the deaths of our soldiers to uphold the honor of the uniform? Our Soviet system has spawned the nomenklatura clan. If a party, trade union, or state official becomes part of the nomenklatura "circle," he falls under the protection of our executive power which ensures a comfortable existence for him, his children, and even his grandchildren.

There is a clan fraternity. Its laws are above those of the state. This fraternity knows that it must ensure a tranquil and well-provided old age for its predecessors. Nikolay Ivanovich Ryzhkov changed nothing in this system and, what is more, it was under his personal pressure that the feverish "privatization" of state dachas began. Pavlov, the current premier, is a man with a different background, a pragmatist and a financier. But I am afraid that what is in the offing may be a new elite. And I do not know which one is worse. Perhaps the new elite is even more terrible because it is predatory and unscrupulous. Yesterday their privilege was access to the state feeding trough, today it is the they are taking advantage of the privatization of state property, and taking advantage on a large scale, what is more. They know how to look after themselves. But what about the people? What about ordinary people who live by honest work?

Colonel Aleksandr Tsalko, USSR people's deputy:

We have specially equipped Tu-134 aircraft conceived for use of military leaders for the purpose of uninterrupted troop control. But this is not what happens. These aircraft never have combat crews on board when they fly to conferences and gatherings. They carry the commander and members of the military council. Sometimes these are accompanied by a warrant officer and possibly also a major who functions as an aide. Auxiliary personnel who discharge "fetch-and-carry" functions. But command post crews are never on board, and without them troop control is impossible. Apart from this, any officer leaving a unit hands over his troop control duties to his deputy. And so it can happen that the deputy finds himself without the means of control. This is why, from the rostrum of the 28th CPSU Congress, I accused the minister of defense and chief of the General Staff of wasteful use of aircraft.

What is the cause of this wastefulness? The main cause is the total lack of control as regards these departments—Ministry of Defense, KGB, and MVD [Ministry of Internal Affairs]. Since the Ministry of Defense is accountable to the president, it is the president who should organize control. Since the Supreme Soviet allocates money, it must know how this money is spent. I know that the People's Control Committee was subjected to very strong Defense Ministry pressure. The latter managed to "shelter" a number of top-ranking officers. A pilot phoned me and told me that an Army general, incidentally a people's deputy, had sent a furniture suite to his son in the Far East aboard an Il-62. This information never reached the People's Control documents.

These transport facilities should be used in the national economy rather than funded from the budget. I am not suggesting that steps be taken to establish order—that would be futile. It is necessary to take away the aircraft together with their crews from these departments (Ministry of Defense, MVD, KGB) and hand them over to commercial structures. In exchange for money. There are enterprises today prepared to spend millions of rubles on a transport aircraft. They will earn profit and we will receive the taxes paid into the budget.

Meanwhile.... Aeroflot is canceling flights because there is no fuel. The Supreme Soviet is adopting a decision on the phased introduction of the Law on Entry and Exit—and we are a hundred aircraft short. Aeroflot will receive them for international air routes only by 1995.

Curtailment of Predraft Training Protested

PM2806135391 Moscow KRASNAYA ZVEZDA in Russian 19 Jun 91 First Edition p 2

["Looking at an Issue" article signed by Reserve Colonels G. Mokrov, N. Kozlov, and V. Repin and Reserve Captains 1st Class B. Bakhtiarov and Yu. Gnatchenko "on behalf of the rayon conference of instructors in predraft training of young men in Kirovskiy Rayon, Moscow": "Educational Pacifism"]

It is common knowledge that instilling in young people a readiness to defend the fatherland has been regarded as an extremely important matter in Russia from the earliest times. The people's combat traditions have been passed down from generation to generation. For example, the custom of presenting very young boys with swords goes back to the days of Prince Svyatoslav. In the presence of hardened warriors, they would be put on a horse for the first time and the rite of initiation as a soldier would be performed. Then, until fully grown, youths would devote time to acquiring the methods of hand-to-hand combat and the art of horsemanship and mastering weapons.

From their early years the Russian gentry, whose children were assigned to specific regiments virtually from birth, trained to worthily serve the fatherland in the military sphere. According to biographers' reminiscences, the reverence for their people's fighting traditions and deep respect for the defenders of the homeland, instilled in them in childhood, had a big influence on the development of the military leadership talents of Suvorov, Kutuzov, Ushakov, and many other celebrated Russian soldiers. Admiral Ushakov started studying military matters at the age of 11 and, as is known, never lost a single battle at sea. The future Field Marshal Kutuzov started acquiring military wisdom at the age of 12. And remember Peter the Great. The roots of his majestic victories on the battlefield are to be found in the "boy soldiers' battles," which might be seen as the forerunner of our "Summer Lightning" [war game played by young pioneers]...

But a state of affairs that has existed for centuries has suddenly begun to appear unnatural. A number of publications, styling themselves the free democratic press, are increasingly tending to present readers with a picture of young men's preparation for military service as senseless drill, which brings no real benefit and merely "militarizes young minds." But this is not the case at all. Predraft training is primarily geared to instilling in young people a mental and moral preparedness for the trials of life. It disciplines them, gives them a built-in respect for those who wear a military uniform, develops a sense of collectivism, and familiarizes them with the fatherland's history and traditions. Even drill, to which the advocates of the "demilitarization" of young people's education are acutely allergic, has a positive role to play here. It has to be said that one-half of adolescents are unable to coordinate their own movements successfully or to be smart and carry themselves properly. The seven hours that are allocated for drill in the 140-hour program are perhaps not enough for them.

Anyway, when attending predraft training classes, young men are familiarized with the demands of general military regulations and with basic tactics, and they learn to shoot accurately. Moreover, they visit military units, get an idea of the life and activities of servicemen, participate in tours of sites of past battles, tend the graves of dead soldiers, and look for those who were missing in action... As a result of all this, young people, on subsequently entering military service, in the first place do not feel confused and helpless, and, in the second place, have a pretty clear idea why they have to endure the inevitable difficulties and adversity that military service involves. It would be approriate here to recall the words of the great Russian historian S.M. Solovyev: "There is among the people a readiness for war, both outward and material and inner and moral: The first means nothing without the second, while the second can complement the first and create it swiftly."

But today, in certain circles, people are not only questioning the need for the military-patriotic education of young people, they are actually dealing it very heavy blows. In our view, the deliberate curtailment of predraft training of young men and abolition of the "Summer Lightning" and "Eaglet" games, drill inspections and songs, and other military-patriotic events that were widely practised until very recently, has contributed in a major way to an increase in the number of draft dodgers and deserters. What has filled the vacuum? The answer to this question is provided by the horrifying figures relating to child street crime and adolescents' regular visits to video halls, which have sprung up all over the place and are corrupting young minds by showing violence and pornography. Obviously, this kind of "alternative" to military-patriotic education suits the keen advocates of the "new democracy" down to the ground.

The current leaders of the RSFSR [Russian Soviet Federated Socialist Republic] education system, without having done anything significant to improve the quality of education in schools, have gotten right down to what they appears to regard as the paramount question—reforming predraft training, which basically means eradicating it from the sphere of education of the younger generation. As KRASNAYA ZVEZDA has already reported, last October they issued, contrary to the provisions of the USSR Constitution, Order No. 62, effectively abolishing the training of students. When it was made clear to the authors of the document that they did not have the authority to make decisions of that kind and that predraft education was carried out on the basis of the Law on General Liability to Military Service, the order was rescinded. But not for long. A new document appeared recently—a draft resolution by the RSFSR Education Ministry Collegium, which is essentially a rehash of the notorious Order No. 62 and in a number of places surpasses it in terms of its intolerance of anything associated with military-patriotic education. The draft's words to the effect that a rating for predraft training will affect absolutely nothing is an insult. To hell with the subject, boys, because you will no longer need it. All in all, the fathers of Russian education have again demonstrated that their views are diametrically opposed to the essential, professional principles of, say, a celebrated predecessor of theirs such as Sukhomlinskiy, who once wrote in a letter to his son: "Each one of us men must clearly remember—I have two specialities: The first is teacher, agronomist, engineer or whatever; the second is shared by all—defender of the homeland." Can one doubt the correctness of these words?

A draft new USSR law "On General Liability to Military Service and Military Service" has already been published. It is to be discussed at the USSR Supreme Soviet. The draft contains an article on the predraft training of young men, which, we trust, will stay. At the same time, we think that the section needs to be concretized and added to.

It is well known that many [school] directors have now succumbed to the temptation to do away with predraft training and use the vacant premises for their own purposes. For example, a poll of directors in Moscow's Kirovskiy Rayon revealed that only 17 out of 70 were in favor of retaining the old system. Predraft training instructors often face an abnormal situation in schools and many of the military-patriotic events they organize do not meet with the administration's support. Military science study rooms have been turned into entrance halls. Some school directors have taken it upon themselves to cut the predraft training program. It is well known that schools are also currently switching to economic accountability and the administration is attempting to adjust finances primarily at the expense of teachers of that subject. The RSFSR Education Ministry has increased teachers' pay by an average of 40 percent, but it has increased predraft training instructors' pay by only 10 percent...

If the money allocated for predraft training were disbursed by the Defense Ministry and distributed by Military Commissariats, many of the things that are hindering our work would disappear. Certainly, among the military leaders in schools—and the vast majority of them today are reserve or retired officers—there are people who in terms of their intellect, professional training level, and practical qualities no longer satisfy the demands made on educators doing such crucial work. There are among them people who simply should not be there, who because of their age find it hard to organize the implementation of a full training program. And we want the teaching of our subject to be in skillful, reliable hands. A very great deal must be expected of those who are going to be doing this noble work. A great deal is also expected of predraft training of young men. It is vital to our state and our people.

TV Reports on Graduation Ceremony

PM3006185791 Moscow Central Television First Program Network in Russian 0900 GMT 28 Jun 91

[From the "Television News Service" newscast: Report by Lyubov Nomerotskaya, identified by caption]

[Text] [Announcer] It is possible to argue about the professional skills of our military, but ultimately this is something that should be judged by specialists.

[Nomerotskaya] These leaflets bear good news literally from the skies. "Comrade Lieutenant, we wish you creative success in your service, great personal happiness, clear skies, and soft landings." These are the greetings of the Ryazan Higher Airborne Command School to its 110th batch of graduates.

The first to receive their diplomas are the gold medalists. Most of the graduates have obtained good or excellent grades. After all, they have to maintain the reputation of one of the country's best military schools. Enrolling here can be more difficult that at drama school.

[P.S. Grachev, commander of airborne troops and Hero of the Soviet Union, identified by caption] I clearly remember receiving my diploma here, in the same square—although it was a bit smaller then—22 years ago. So what has changed?

[Nomerotskaya] Especially, in your view, how do the present graduates differ, what were you like and what are the present-day guys like?

[Grachev] They are technically better educated. They study for a diploma of engineer-operator of armored, tank, and motorized hardware. One of our divisions was visited by Mr. Cheney, the U.S. secretary of defense. And when he was asked after a display exercise how the training of U.S. and Soviet airborne troops compared, he said: It is about the same.

Baltic Republics

Kvitsinskiy, U.S. Envoy Discuss Vilnius Events

LD2806114191 Moscow TASS International Service in Russian 1055 GMT 28 Jun 91

[Text] Moscow, 28 Jun (TASS)—Yuliy Kvitsinskiy, USSR first deputy foreign minister, received U.S. Ambassador Jack Matlock at his request today.

During the conversation Jack Matlock expressed concern about the state of affairs in the USSR Baltic republics, regarding the Special Purpose Militia Detachment [OMON] operation to seize weapons and ammunition at the telephone exchange in Vilnius on 26 June.

Jack Matlock's attention was drawn to the official information on the issue published in the Soviet press. It shows that it was a question of routine actions by law enforcement bodies to maintain order and public safety. Also, the U.S. ambassador's attention was drawn to the fact that a dialogue within the constitutional framework on all issues of mutual interest is under way between the center and the Baltic republics. In general, this is within the Soviet Union's internal competence.

Black Beret Commanders Recalled From Vilnius

LD0107222891 Vilnius Radio Vilnius in English 2130 GMT 1 Jul 91

[Text] It is reported that the Kremlin has recalled two of its military leaders from Vilnius. One of them is Aleksandr (Zhidnikov) who is considered to have masterminded the violent activities on the Lithuanian territory of the special Soviet interior troops, popularly known here as the Black Berets. And the other is Major General Vladimir Uskhopchik, commander of the Vilnius Military Garrison, who was one of the leaders of the military crackdown in Vilnius on 13 January.

According to the Lithuanian representatives in Moscow, Egidijus Bickauskas, the recall of the two Soviet army chiefs might be connected with the brutal overtake of the Vilnius telephone exchange last Wednesday.

Commenting on this latest attack of the Black Berets against the telephone center in Vilnius and the following two-hour long cuts from international phone links, Egidijus Bickauskas remarked that it might have been planned to discredit Mikhail Gorbachev before his planned visit to London to the G-7 meeting.

MVD Official Criticizes OMON 'Infantilism'

PM0107193991 Moscow IZVESTIYA in Russian 2 Jul 91 Union Edition p 2

[Interview with Major General of Militia Eduard Kalachev, chief of the USSR MVD Main Administration for the Protection of Public Order, by I. Andreyev; date and place of interview not stated: "OMON Warned: Unsanctioned Actions Are Punishable by Dismissal From the Militia"]

[Text] As already reported, the leaders of the Vilnius OMON [Special Purpose Militia Detachment], which has again caused concern among the Soviet and world public regarding the development of the situation in the Baltic states, were summoned to the USSR MVD [Ministry of Internal Affairs]. At IZVESTIYA's request, Major General of Militia Eduard Kalachev, chief of the Main Administration for the Protection of Public Order, commented on the meeting, which he conducted.

[Kalachev] The direct reason for summoning the OMON leaders to Moscow was the recent OMON operation in the Vilnius state telegraph and telecommunications center. As it became clear, this operation was absolutely unsanctioned; not even the commander of the local division of USSR MVD Internal Troops knew about it.

[Andreyev] But back in winter and spring of this year, which were so full of actions by the Baltic OMON detachments, Minister of Internal Affairs B. Pugo told me in an interview that in the fall of 1990 the Vilnius OMON was placed under the authority of this division. Is such freedom of action possible within a military command structure?

[Kalachev] The whole point is that since April of this year the Vilnius and Riga OMON detachments have been switched to the command of our administration. I think this step was wrong. As events have shown, it is impossible to control subunits from a distance, from Moscow.

[Andreyev] But are orders or, conversely, prohibitions concerning particular actions less binding merely because they are not issued on the spot?

[Kalahev] I in no way justify the independent action by the Vilnius OMON, whatever prompted it. And I said this straight out to its leaders—Major B. Makutynovich, commander of the detachment; Chief of Staff V. Razvodov; and Senior Lieutenant I. Yeremenko, deputy commander. I warned them unequivocally on behalf of the ministry leadership that in the event of any actions undertaken without the sanction of the USSR MVD, the strictest measures, including dismissal from the militia, would be taken against them.

But there is something that has to be said when commenting on this tough and impartial discussion. It revealed what I would call the staggering political infantilism of the detachment's leaders. You get the impression that they do not connect specific operations, even if they are justified, with their political consequences discrediting the OMON, the USSR MVD leadership, and the president himself. We had to explain to them that the May operations at the customs posts in the Baltic states cast a shadow over M.S. Gorbachev's Scandinavian visit, and what is more, the current "telegraph" action, occurring on the eve of the London meeting, will create new problems for the president.

[Andreyev] It is hard to believe in such political naivete. What are they—children?

[Kalachev] Of course not, judging by the consequences. The meeting clearly showed that they see themselves as practically the only defenders of the Russian-speaking population of the Baltic region.

[Andreyev] Unfortunately they are not the only ones to think that. After my May interviews with Pugo, I got many calls from the Baltic republics. Their essence was: Hands off OMON! It is our only hope, it alone will protect us from the injustices occurring in the Baltic republics with respect to the nonindigenous population. My answer was: How can you restore justice by setting fire to things, by pogroms, and by shooting? After all, they are acting in the name of the authorities, so does this mean that the authorities themselves are not averse to resorting to bandit methods?

[Kalachev] That is exactly the point. Furthermore, we explained to the OMON members that their actions inevitably worsen the position of the Russian-speaking population whose interests they have undertaken to defend. By its actions OMON does them a disservice. Even in cases where there is a real and legal basis for its operations.

You know, some ammunition was confiscated at the telegraph office. OMON was told about the cache twice, and the detachment leaders who came to see me are prepared to disclose who the informer was.

[Andreyev] Let us suppose that the information was reliable this time. But as you remember, the storming of the Latvian MVD building in the winter began with—as became clear later—a false report about an outrage committed against the wife of one OMON member. The report was false, but alas, the dead and wounded that night were real....

[Kalachev] We spoke about this with them, saying: Do not believe all the reports, check each one. You are provoked, you fall for it, and the consequences are unimaginably bad.

[Andreyev] Judging by what you have said about the latest reassignment of the Vilnius and Riga detachments, it is now your main administration and the USSR MVD that answer for their actions.

[Kalachev] Especially now that there has been yet another reorganization. A group has been formed at our administration under the leadership of Colonel of Militia Goncharenko, who is personally responsible for the actions of these OMON detachments. It is stationed in Riga. It is faced with the task of drawing up clear instructions to determine what the detachments should do in the future and how, and what orders—and from whom—they should carry out.... It seems to me—I am judging from the impression I gained at the meeting in Moscow with the leaders of the Vilnius OMON—that people are starting to understand what the true price of their actions is.

Economist Views Agricultural Crisis in Estonia

LD2706075491 Moscow TASS in English 1829 GMT 27 Jun 91

[By TASS correspondent Albert Maloveryan]

[Text] Tallinn June 26 TASS—Estonia is suffering an economic recession for the first time since the Second World War.

During the first five months of 1991, the republic's purchases of meat have dropped by 25 per cent and milk by 15 per cent, aggravating the situation on the Estonian market and raising prices on foodstuffs.

Prices are expected to skyrocket after July 1, 1991, when the Estonian Government will give the go-ahead to free prices in the republic.

Ilmar Kallas, an adviser to the Estonian Independent Communist Party Central Committee believes the remedy is in encouraging farmers' labour activities and their sense of property.

He blames the republic's government for the absence of a clear-cut agricultural policy. Its campaign to revive individual farms in the republic have only caused frustration at large agricultural enterprises.

Kallas opposes the idea of returning to the system of individual farming that existed in Estonia in 1940 as economically insolvent. He believes individual farms are rigid and lack maneuverability. He is convinced that only large agricultural enterprises can saturate the market with foodstuffs, but they should have firm guarantees from the state.

The shortage of fodder has also added to the problem. Kallas says the republic did not buy feed in time and local authorities decided to reduce supplies of meat and milk to the Soviet Union to 30,000 and 350,000 tonnes respectively. As a result, it has only 498.5 [figure as received] tonnes of forage this year. In 1989, the republic received 1.3 million tonnes of fodder in exchange for 54,600 tonnes of meat and 442,300 tonnes of milk.

"We should not break ties with the east because they cannot be offset in the west. Estonia's need for economic ties with Soviet republics and Russia is bigger that their need for cooperation with Estonia," Kallas said.

Food Prices Prompt Emergency Measures

OW0207051491 Moscow BALTFAX in English 1600 GMT 1 Jul 91

[Transmitted via KYODO]

[Text] The Estonian Government is closely watching the market situation after Estonia liberalised its food prices.

said Estonian premier Edgar Savisaar at a press-conference on Monday. He described the latest, nearly 100 percent, price hike as "the biggest leap of all made en route to the market economy".

According to him, emergency commissions have been set up in all cities and districts to respond promptly to the developments; these bodies have special powers. These commissions comprise representatives of producers, manufacturing industry, and trade.

To stabilize the situation, the Government laid down fixed rates for the manufacturing industry and allocated funds to buy food for schools, day-care centres, hospitals, etc.

To stimulate the production of milk, the Government decided, in addition to liberalizing prices, to pay milk producers 6 kopecks per litre in the third quarter and 12 kopecks per litre in the fourth quarter, in addition to what they earn from selling milk. Savisaar noted that such measures vis-a-vis grain producers paid off handsomely in spring.

The Government also allocated 148 mln. rbl. to compensate for a new price hike. Minimum wage was also raised from 135 rbl. a month to 200 rbl.

Savisaar said that negotiations are currently underway with representatives of Moscow and Leningrad, the cities that receive agricultural produce from Estonia in accordance with the 1991 economic treaty with the USSR, concerning a compensation by them of the price scissors after Estonia liberalized its prices.

Farm Product Prices To Be Freed

OW0207045791 Moscow BALTFAX in English 1230 GMT 29 Jun 91

[Transmitted via KYODO]

[Text] On Monday, Estonia introduces free price of farm produce, said its Agriculture Minister Harry Ounapuu in an interview for Estonian radio. Those who yield farm produce will earn as much as they can work, he said.

His government, the agriculture minister said, devised a number of measures to stabilize prices, such as the bill on greater punishment for the illegal exports of farm produce from the republic. Now, all export licenses will become null and void, he said.

Economists believe that, as a result of introducing free prices of farm produce by the end of July, pork prices will rise to 17 rubles a kilo and beef prices to 20 rubles. In the meantime, the prices of milk and other basic products will not go up, since the difference in cost will be compensated by state subsidies.

The introduction of free prices is aimed at promoting free market relations and stimulating producers, the agriculture minister explained.

Free Market Prices Criticized

LD2906164891 Moscow TASS in English 1612 GMT 29 Jun 91

[By TASS correspondent Albert Maloveryan]

[Text] Tallinn June 29 TASS—The Secretariat of the Central Committee of the Estonian Communist Party has adopted a statement which says that the introduction of free market prices on foodstuffs in the republic, beginning with July 1, deals a blow at the interests of working people. The aged and the young, families with many children and other sections of the population will find themselves below the poverty line.

The republican government has taken the Estonian economy to an impasse, and now is leaving people tete-a-tete with the problem of physical survival.

The policy pursued by the government leads to a further impoverishment of the population, which in the long run is fraught with unpredictable consequences.

The Central Committee of the Estonian Communist Party urged representatives of other parties and movements, as well as all labour collectives, trade union organisations, associations of citizens and charity institutions to hold a round-table conference on July 15 and work out by joint efforts a programme of social protection of the population and the ensurance of the right of people to life with dignity.

Stabilization Expected in Three Months

OW0207061591 Moscow BALTFAX in English 1000 GMT 1 Jul 91

[Transmitted via KYODO]

[Text] Estonia liberalizes its prices of agricultural produce on June 1 [as received] and scraps the system of state purchases.

BF [BALTFAX] correspondent in Tallinn says that food prices are expected to rise by 100 percent on the average in the republic.

According to Estonian experts, 1 kg of sausage will cost 13 to 20 ruble, 1 kg of butter, 25 ruble, 1 kg of cheese, 14 to 15 ruble, and eggs, 45 to 50 kopecks apiece.

The prices of milk, cottage cheese and sour milk will not rise as these foodstuffs are subsidized from the national budget.

The prices of Estonian produce sold to the Union fund (the republic exports some 40 percent of its agricultural produce to the fund) will remain unchanged. Estonia's government decided to liberalize prices due to the need to develop market relations by stimulating agriucltural production beset by a slump of late.

Estonian Agriculture Minister Harry Ounapuu said in an interview to the republican television on Sunday that the government predicts that prices will stabilize within three months. In addition to scrapping the state system of purchases in Estonia, the republic introduces harsher penalties for the illicit export of unlicensed products across the economic border. The objective of the move is to prevent the outflow of products to the Union market, said the minister.

According to our correspondent, on July 1 Estonia raised its gasolene prices (a litre of A-76 will cost up to 40 kopecks, and that of A1-93, up to 52 kopecks).

Postal tariffs are to rise in the republic beginning July 1. Sending a letter now costs 20 instead of 15 kopecks.

Gorbunovs on Baltic Council Protest Over OMON

LD2906072491 Riga Radio Riga Network in Latvian 1600 GMT 28 Jun 91

[Text] A regular sitting of the Baltic Council took place today in Jurmala, at which questions connected with economic relations between the Baltics and the USSR were examined. After the sitting of the Baltic Council the Chairman of the Supreme Council of the Republic of Latvia, Anatolijs Gorbunovs, discussed the adopted documents.

[Begin Gorbunovs recording] About the results of our work today. The most important, we have coordinated economic relations, the principles of economic relations of the Baltic states with the USSR. We have signed this document, with the signatures of the chairmen of the supreme councils and the chairmen of the Councils of Ministers. You may acquaint yourselves with this document; I hope that it will be duplicated right away and will be distributed.

The next document. It is connected with the events of the day before yesterday in Vilnius. This is a statement in connection with the attack by USSR armed formations on the telephone and telegraph Exchange in Vilnius. In which [statement] the Baltic Council notes that this Special Purpose Milita Detachment [OMON], with an excuse that a search had to be made, attacked the Telephone and Telegraph Exchange of Vilnius and violently occupied its premises. As a result of this action (?inter-town) and international telephone and telegraph communications, and also communications which guarantee the work safety of the Ignalina atomic power station, and ensure aviation (?flights) over Lithuania, were interrupted for several hours. We regarded this as a continuation of the incidents whose aim is to exacerbate the tension in the Baltic states. The council fo the Baltic States expressed a categorical protest and concluded that all the responsibility for this action falls on the USSR.

In addition we are sending one letter, but the letters have not yet been dispatched and (?have not) been submitted for publication, therefore there is nothing to talk about. [end recording]

Latvian Prime Minister Meets Opposition Members

LD0107121891 Riga Radio Riga International in Latvian 0430 GMT 29 Jun 91

[Text] The head of the Government of Latvia has had discussions with representatives of the coalition of left-wing movements. Prime Minister Ivars Godmanis had a talk with the representatives of those organizations that are in an open opposition to the Government of Latvia and are against the endeavors for Latvian independence. Administrators of industrial enterprises subordinate to Moscow and representatives of the Communist Party, the Interfront, the Baltic Soldiers' Union, retired officers, the United Council of Working Pepole, and other organizations participated.

Ivars Godmanis spoke about the undertakings of the Government of Latvia in matters of regulating prices, indexation of incomes, and denationalization of housing and enterprises.

On this occasion several organizations affirmed that they were not getting ready to fight the existing Government of Latvia by violent means. This announcement was especially important on the part of the Baltic Soldiers' Union, which, we remind you, in its time had announced it would fight for the observance of its rights with methods at the disposal of the army.

Latvian Deputies Sum Up Supreme Council Session

LD2806221991 Riga Radio Riga International in Latvian 0430 GMT 26 Jun 91

[Text] Deputies of the Republic of Latvia Supreme Council have gone on summer leave which will last until August. So then the second sesison of the first convocation has passed. In a few sentences this is how the deputies themselves judge what has been accomplished.

Anatolijs Gorbunovs includes on the positive side of the balance the following basic assets: The basic principles of legislation of an independent state have been established. Jointly with the government an independent budget has been created. The parliament has learned to react to mistakes in the laws adopted by itself.

Janis Dinesvics, leader of the People's Front faction, is self-critical. He recognizes, however, that quite a lot has been accomplished. In his opinion the parliament has badly performed the second of its functions, control over the fulfillment of its decisions.

But Deputy Juris Bojars believes that the work is still being hampered by the lack of proper regulations, because the temporary regulations were imperfect.

According to Deputy Janis Skapars, more work should have been done on the laws of the economy, especially in the sphere of conversion of property. In his opinion a higher quality preparation of laws is also being hampered by the large and clumsy central apparatus of the Supreme Council and the poor provision of the commissions with both experts and technical means. Sergejs Dimanis, leader of the Equal Rights faction, asserts that the session passed at idling speed, because the adopted laws were not reflecting the actual situation.

Tatyana Zhdanoka from the Equal Rights believes that this session exacerbated the differences of opinion between the two factions.

Deputy Einars Repse, in his turn, draws attention to the danger caused by the unconstructive quarrels among the Latvians themselves.

Latvia's Privatization Law Takes Effect 1 Jul

OW0207061991 Moscow BALTFAX in English 1230 GMT 1 Jul 91

[Transmitted via KYODO]

[Text] The Latvian Republic's law on the privatisation of agricultural enterprises and fishing collective farms that was passed June 21 takes effect July 1. Its objective is to "correct the pernicious consequences of the unlawful collectivization methods, changing in the process property forms in agricultural enterprises and fishing collective farms and furnishing material support to emerging individual farms".

Under the new law, the privatized and converted enterprises are to be registered before March 15, 1992.

According to BF [BALTFAX] at the first stage all agricultural enterprises and fishing collective farms will calculate each participant's share of the capital. The law lays down a detailed procedure for the determination of the capital share due to each physical or juridical person. After the division of the capital each proprietor is to receive a document specifying the volume of his share in the capital. Then an enterprise's general meeting is to decide on the liquidation of an enterprise or on its conversion into a shareholder company.

Lithuania's Bickausas Comments on OMON Actions

LD0107154291 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 1 Jul 91

[Interview with Lithuanian Government representative in Moscow Egidijus Bickauskas by correspondent Vitas Usas in Vilnius—live]

[Excerpt] [Usas] [passage omitted] We did succeed, nevertheless, in relaying abroad the news of the attack; and our government representative in Moscow, Egidijus Bickauskas, was one of the first to initiate some effective actions.

Mr. Bickauskas is present in our studio today, and to my knowledge you had very effectively, at once, contacted the Government of the Soviet Union. Perhaps we can recall those hours.

[Bickauskas] Perhaps not everyone throughout the Soviet Union and even in Lithuania was able to comprehend, at the time, the magnitude of the provocation that had ben perpetrated. Moreover, what sad results it could bring to Lithuania and, in the end, to the Soviet Union as well.

Therefore, as soon as the information was received from Lithuania, via Latvia and Estonia, through roundabout channels, the largest world mass media agencies were immediately informed; and also informed were the president's minister of internal affair's, and Mr. Doguzhiyev's chancellery offices and a whole series of other—of other members of the Soviet Union's Government. There were—in simply a matter of minutes—assembled at the mission very many correspondents, who were given a small news conference. In brief, while the OMON [Special Purpose Militia Detachment] members were still at the facility, in Lithuania, the world was already discussing this.

I think perhaps this action might not have been blessed, if I may use this expression, by the president of the Soviet Union. However, the statements of our mission to the press about it were to the effect that if the Soviet president failed to provide an appraisal of this—I really would say—action of banditry, he would then become wittingly or unwittingly an instigator behind these OMON staff members. Thus, I am glad in part that the president of the Soviet Union has issued such a statement after all.

But I would like the listeners to understand me correctly. I am nevertheless convinced that this action, even if it had not been planned in the Kremlin, was being planned in Moscow corridors, anyhow.

I would like to add that I feel sorry—perhaps this will sound strange to some—but I do feel sorry for those young OMON men; I do feel sorry for the so-called Lithuanian Soviet Socialist Republic Procurator. They simply do not comprehend how insignificant a card they make up in the big political game. Moreover, in the final analysis, they will be discarded on the refuse heap of history, not only by the Lithuanian nation but also by those who are inciting them.

[Usas] Lately, the news is being discussed that two generals—General Uskhopchik and the chief of the Internal Affairs Ministry troop division stationed in Vilnius—are being transferred to other service locations. Can this really be considered as the Kremlin taking some concrete steps? Or is this simply a clever maneuver, especially in view of the fact that several minutes ago some listeners called the Supreme Council Building and reported that a large column of military trucks had passed, moving along a central city street practically? How can you assess this fact?

[Bickauskas] I would think that provocations of this sort can repeat themselves on a regular basis.

As to Gen. Uskhopchik, well, if they transfer him to a location away from Lithuania—in my estimation it will only be better for him; whereas, the Soviet Union should have thought about this a lot earlier. Gen Uskhopchik, whatever the situation, is only a switchman [iesmininkas].

Lithuanian Premier Announces Food Price Rises

OW0107031991 Moscow BALTFAX in English 1100 GMT 28 Jun 91

[Transmitted via KYODO]

[Text] Lithuanian Premier Gediminas Vagnorius has announced at a press conference a price rise on food coming in July-August.

On the average the prices will go up by 50%, with dairy products rising 26% and bread—20%.

The resulting level will be, explained the premier, as planned by the former Government of Kasiemira Prunskiene.

It's known that the decision on higher prices by K. Prunskiene's cabinet brought it down in January this year.

Now the situation has qualitatively changed, finds G. Vagnorius. In winter, the average wages in industry were 200 rubles, and now—600 rubles a month.

To compensate for the price rise the Government is going to raise wages at the budget organisations by 150 rubles, and in industrial production—by at least 135 rubles a month.

The tax on profits is to go down from 35% to 29%. That should release sums for the wages fund. The budget will provide allowances for children of 80 rubles a month, and relief for nursing mothers of 250 rubles a month.

Lithuanian Ministry Prepares Blueprint Treaty

OW0207061791 Moscow BALTFAX in English 1600 GMT 1 Jul 91

[Transmitted via KYODO]

[Text] Experts from the Lithuanian Economics Ministry have prepared a blueprint for a Lithuanian-Soviet economic treaty, says the VINIUSSKAYA GAZETA. According to the publication, Lithuania would gain the status of a free economic zone in the Soviet Union in case the treaty is signed.

The blueprint concedes that Lithuania is located in the ruble-influence zone, which necessitates harmonzing both sides' fiscal policies. All the issues pertaining to the circulation of the ruble in Lithuania must be addressed in agreements between Soviet and Lithuania banks, say the authors of the draft treaty. Under the project, Lithuania must have control over the circulation of foreign exchange in the republic.

The Soviet Union and Lithuania should build their trade on a clearing basis, and prices should satisfy either partner, but this is only true of scarce goods mentioned in what is known here as "indicative lists". All the other goods will comand prices established by Lithuanian and Soviet trading companies and commercial banks.

According to the blueprint, enterprises that are currently under central authority on Lithuanian territory are to belong to the Lithuanian republic. However, additional arangements between the two parties are possible to define the right to administer this property.

A separate agreement is also needed to regulate the operation of the customs houses, according to the blueprint. However, the document insists on the need to place Lithuania's western border under republican authority.

The document also provides for the opening of Moscow's representative trade office in Vilnius, and Lithuania's, in Moscow.

Though the document leaves many things undecided, it acknowledges that Lithuania is de facto part of the Soviet economic system and is, therefore, willing to take part in its functioning and development. The document's preamble says that the document is an instrument of interestate relations, and that each of its signatories recognizes the other's sovereignty.

According to Lithuanian experts, Moscow may find this provision in the preamble unacceptable, and it may refuse to accept this compromise which is largely beneficial for it. This is quite probable, says the newpaper VILNYAUS LAIKRASHTIS, judging from Latvia's example when the Soviet delegation rejected at a conference in Jurmala a draft treaty Latvia had prepared that defined Soviet-Latvian economic relations because the document contained a declaration of Latvia's political independence.

Lithuania Denies Army Draft Failing

PM3006143391 Moscow KRASNAYA ZVEZDA in Russian 27 Jun 91 First Edition p 1

["Direct Line" report by Correspondent Captain Second Rank V. Gromak: "The Draft Is Proceeding Nonetheless...."]

[Text] Vilnius, 26 Jun—A. Butkevicius, general director of the territorial defense department, has declared in an interview in the newspaper LIETUVOS RYTAS that "we are prepared to accept Lithuanian guys for service in the territorial defense system. However, the government must decide on a draft. The USSR has long been in no position to recruit in Lithuania for its own military service. Soviet servicemen have caught several guys (and this pains me greatly), but for the state these are trifles."

I visited the republic Military Commissariat to shed light on the situation.

"Butkevicius is either trying to deceive public opinion," Colonel K. Golubev, chief of the republic Military Commissariat Political Department, said, "or does not know the true state of affairs. Guys have now been drafted into the ranks of the USSR Armed Forces at the level of last year's fall draft. More than 52 percent of the draftees are of the indigenous nationality."

Future Forum Criticizes Lithuanian Policies

LD3006071591 Vilnius Radio Vilnius International Service in Lithuanian 2100 GMT 29 Jun 91

[Excerpt] The second conference of Lithuania's Future Forum took place in Vilnius today. The statutes and program of this opposition organization were deliberated and adopted at this conference. Especially criticized at the conference was the policy of the Lithuanian Government and the rightist majority in the parliament. The statements by Supreme Council deputies Kazimiera Prunskiene; Petras [name indistinct]; Vidmante Jasukatyte, chairman of the Lithuanian Agricultural Workers' Association; Virmantas Veliukonis; economist Kestutis Jeskelevicius; philosopher Arvydas Juozaitis, and others contained much criticism of the economic restructuring, privatization, agricultural reforms, and the return of property to former owners that are now being carried out.

Lithuania's foreign policy, regarding relations with the Soviet Union, also came under criticism.

According to the forum participants, [word indistinct] criticism was merited by the authorities, especially its radical representatives' intolerance of opposition. It was emphasized, several times, that opposition constitutes the guarantor of state democracy. The majority of the speakers condemned the terrorist acts directed against Lithuania's Future Forum. [passage omitted]

RSFSR

Gavriil Popov Discusses Moscow's Future

PM0107114191 Moscow MOSKOVSKIYE NOVOSTI in Russian No 23, 9 Jun 91 p 12

[Interview with Gavriil Popov by Len Karpinskiy; date and place not specified: "The Capital at the Crossroads Again"]

[Text] [Karpinskiy] After a series of conflicts at the Moscow City Soviet you nevertheless decided to stand for election as mayor of Moscow. I, as a voter, would now like to know: How do you see Muscovites' life in Moscow?

[Popov] I think it sensible to rise above current concerns. The optimistic forecast is that Russia and the Union will reach agreement, then Moscow will be able to spearhead the introduction of new forms of life. What are our lives like now? Like this—Yeltsin intends to penalize the chairman of the Krasnodar Kray Soviet Executive Committee for disrupting supplies to other regions, including Moscow. This is fair, commitments must be met. But why should Krasnodar be forced to supply things to people? It must be made advantageous to everyone to supply goods to Moscow.

[Karpinskiy] The situation in Moscow is closely connected with the crisis situation in the country. But why should the capital not play the role of icebreaker shattering the ice of totalitarian structures?

[Popov] I agree. Let us take a well known case—[eye surgeon] Svyatoslav Fedorov. He does not simply perform operations, he has built a commercially viable enterprise. And a huge proportion of the medical science of the Union is concentrated in Moscow where a large number of the centers operate on a world level. Also concentrated in Moscow are scientific institutes, and "post office box numbers" [yashchiki]. And finally there is the USSR Academy of Sciences. But the problem is that now many cannot even make ends meet and pay their employees miserly salaries—that is why they do not bring their designs up to a marketable form suitable for profitable sale. I have in mind, for instance, the Exhibition of National Economic Achievements. The organization there is hopelessly outmoded. For a long time there have been technology parks—places where you can put your designs into marketable form—in the world. Now we have concluded a contract with the Italians—the Committee for Science and Technology and the Exhibition of National Economic Achievements—on the construction of a large technology park. Any inventor can take his design along there. And sell it there, too. We are also holding talks with the French to build another kind of technology park in the region of Gagarin Square. By helping to create such centers the city is ensuring the prosperity of its scientific institutions and itself.

Conversion is another problem. Moscow is a city of military, scientific, and industrial centers. Their fate is not a matter of indifference to the city—they constitute hundreds of thousands of our voters. We need the kind of conversion program which will be based not on widespread closures but on the concept of preserving a modern, professional army with high-technology equipment, one that is appropriate to the needs of a great power. That is the prime basis of the restructuring of the military-industrial complex. The second is the determined reduction of everything superfluous. But that reduction must be carried out skillfully—that way we will not lose an already depleted intellectual potential.

[Karpinskiy] Excuse me but there is something very familiar in what you are saying. Scientific and technical programs.... The only thing missing is a food program. There is alarm over the dubious nature of our experience—that of motivating life via plan and program guidelines from the top with complete indifference to them at grass roots level, from actual people.

Therefore, let us talk about Muscovites as the organizers of a new civilized life outside the barracks of totalitarianism. If, for example, you follow the Union draft regarding the status of Moscow and the way of life in the capital, the city will remain an appendage of the central bureaucratic departments. How is the principle of "Moscow for the Muscovites" to be carried out?

[Popov] You are putting it somewhat crudely. Moscow cannot be either a private reserve or an oasis. It belongs and will continue to belong to Russia and the country as a whole. But you are right that the city must grow and change by relying on its own efforts and the Muscovites themselves. Therefore, I am going to talk about another program—Moscow's transformation into the country's financial and business center.

Why does a hairdresser not want to become a private operator now? He says: The trust which supplies me with shampoo, razor blades, and so forth has got me by the throat. If I work for myself the trust will fleece me all the more. What should the city do in such a situation? Enforce compulsory privatization? No, incentives must be created to encourage people to work for themselves. The city must help to create commodities exchanges where everything that a hairdresser needs will be freely available at market prices. These exchanges will replace the endless directives of the State Planning Committee and the ministries.

[Karpinskiy] So we struggled for a model communist city and now we are going to do the same for a model capitalist one?

[Popov] Many a true word spoken in jest. Although I do not like to use outmoded cliches. In all the programs mentioned there is one common factor: The city authorities cannot replace those who create and produce. It can and must help its inhabitants themselves to build their own lives without hindrance.

There is another problem—the brain drain. A city devoid of brain? We need to preserve the capital's intellectual potential. I want an independent international university to be built next to Moscow which would be up to world standards and where people would be paid in dollars. Then a Soviet professor capable of making a living in the West would not need to leave. And so that capable boys and girls do not leave our country but come to study at this university instead it must offer the range of subjects which will be in acute need in the near future: Business, banks, applied sociology, and jurisprudence. We already have 2,500 joint ventures here—the demand for staff is enormous.

Or take another program: the modernization of the construction complex. If we privatize housing new needs will appear: Many people want to own their own home, like people throughout the world.

[Karpinskiy] They constantly assure us that "the people have grown tired," that they are bored of talk, they want concrete results. In short, they yearn for stabilization. But it seems to me that if people have grown tired of anything, it is the lack of mobility and, consequently the lack of obvious prospects. And as a matter of principle, is stabilization conceivable without reforms?

[Popov] I shall talk about stabilization as a condition of reform. This is the idea that N.I. Ryzhkov constantly adhered to. Are reforms needed if stabilization has already been achieved? But what I constantly said on this theme was this: You must be a crook if you can abandon stability.

[Karpinskiy] Now the main question: It is necessary to choose between two fundamentally different versions of reforms; the elitist (apparatus) version or the democratic.

[Popov] Taking the elitist path means prolonging matters greatly if not burying them completely. And not preserving the USSR, indeed. We must use the democratic principle. I, like all citizens, have the right to my proportion of the public wealth. That proportion may be expressed and backed up by shares. Let us suppose this proportion is worth 20,000 rubles: a portion of land, industrial assets, cultural assets. Under denationalization I receive my allocation in the form of shares but I do not intend to work the land so I put my shares in the bank. And anyone who runs a farm but hasn't enough shares can buy mine or take them as credit.

[Karpinskiy] It seems that even before citizens enter into privatization, they must acquire the status of real owners, actual possessors of their share of the public wealth. Legally they were such owners but did not know that. For many years it was kept hidden from them that they were the owners. But since now the people's fictitious ownership has been transformed into real ownership, there is no point in trying to intimidate working people with privatization by saying that the "shady dealers" will corner the market and people will have to buy from them.

[Popov] We are implementing the democratic option in the privatization of housing. First, everything is voluntary. Second, Muscovites will receive the bulk of housing—18 [square] meters per person and another 12 meters per family as a whole—free of charge. They will only have to pay for housing above that figure. If they receive less than the norm, however, they receive additional payment for the shortfall in the form of "special money"—it can only be spent in the housing sector.

[Karpinskiy] I find your program interesting. Everyone is talking a very great deal about present problems and papering over the cracks. But you have to think about the future—then you can take a more rational approach to current problems, too. Forward thinking and forward planning are particularly important for the development of the city.

As is well known, initiative is punishable. May you be "punished" with success at the forthcoming elections.

Urges United Democratic Party

OW0107083891 Moscow INTERFAX in English 1100 GMT 28 Jun 91

[Following item transmitted via KYODO]

[Text] Moscow's mayor Gavriil Popov suggested on Friday that a united democratic party of the USSR should be formed. He spoke at the congress of Russia's Republican party that opened in Moscow today. Here's how he explained the proposed name of the new party: united since it will unite different movements; democratic because it will involve movements of democratic orientation; party because it will shoulder certain responsibilities in terms of discipline, the order of work, and the like.

The parties whose interests coincide with its tasks can simply join it. Others might exist within it as factions. The parties in constituent republics that wish to join it should preserve their independence on the basis of confederation and independence of republics' parties.

The united democratic party is a party of economic reform and political freedoms, said Gavriil Popov.

He pointed to the need to form such a party to accomplish the key task: reform the center and ensure democratic nature for its actions, since the crisis of central authorities is the foremost problem today. To accomplish this task on the basis of the already existing parties is impossible because they have not managed to become mass parties yet. This is what a strict and streamlined organization is needed for in the framework of democratic movement.

This doesn't mean, said Gavriil Popov, that the various parties joining this united organization should lose their specificity. However in the period of transition that will last for 2 or 3 years what can save us is a united organization alone, declared G. Popov.

Addresses Yeltsin Victory Meeting

LD2906172591 Moscow Radio Rossii Network in Russian 1135 GMT 29 Jun 91

[Speech by Moscow Mayor Gavriil Popov at a victory meeting for Boris Yeltsin in Moscow on 28 June—recorded]

[Text] Of course, I wanted to say something about the electors and the elected. It must be said that it has become the custom in this country for our people to be exceedingly ungrateful. The point is this: Look at how many saviors of Russia immediately declared themselves as soon as they learned that the job of president of Russia was up for grabs! [laughter] These saviors could be seen on every street corner tearing their shirts and vowing their love for the fatherland in a bid to persuade people that they were capable of saving Russia, that they were losing sleep at night, that Russia preoccupied them from dawn till dusk. But look how ungrateful the people are! The people elected a man who did not promise to save Russia. The people elected a man who said to the electorate: You know what, friends? Our whole experience of life shows that you alone can save Russia and yourselves. As president I will help you with all the strength and means at my command.

You know what? For some reason, the people believed him.

There's another thing I want to say. I want to mention what we still need to do. Boris Nikolayevich [Yeltsin] has already said that we face a very hard time, and that there is hard work ahead for everyone in power. But all of you will also have to work hard. Elections to the Union parliament are still to come. A Russian constitution has to be passed. There are going to be elections to the Russian parliament, elections for executive chiefs in oblasts, towns and krays, and elections to local soviets. That's just for starters.

I'm absolutely convinced that everything that you are capable of and everything you did during the recent elections will have a splendid part to play in the work ahead. But experience shows—I'm moving on to a very serious point here—that we all need a better level of organization in the task before us. So I am quite certain—I have to repeat this again and again—that for the sake of our present salvation and our progress it is very important for all of us today to create an authoritative, decisive, strong, and democratic party in this country. [Applause]

I believe that throughout these long years we have become heartily sick and tired of words like party, discipline, and meeting. That's all rather obvious. But something else is clear. The people we are dealing with are far from having given up. They are going to put up a fight, a desperate one at that. We need a real organization to complete the main task it has fallen to us to perform: the creation of a new society.

In conclusion, I want to tell you one unexpected result of our elections. A football match was taking place recently. Torpedo was playing TsSK. You may remember. The referee made a mistake. What does your ordinary Moscow supporter shout in such situations? As you know, it is: Make soap of him! On spotting the referee's mistake, our Moscow supporters at the stadium struck up a chorus of: The referee's a communist! The referee's a communist! [laughter and applause] A bewildered (?Volskiy) asked the stadium manager: What's going on—is it just today? The manager said: No, it's been happening in all the stadiums since the elections!

All the best to you. [applause]

Shakhray Comments on Union Treaty

LD3006040991 Moscow Russian Television Network in Russian 1545 GMT 29 Jun 91

[Interview with Sergey Mikhaylovich Shakhray, chairman of the Russian Soviet Federated Socialist

Republic [RSFSR] Supreme Soviet Legislation Committee, by RSFSR People's Deputy Igor Zbronzhko; place and date not given; from the "Russian Parliamentary Herald" program—live or recorded]

[Text] [Zbronzhko] The draft of the new Union treaty has been published. We have asked Sergey Mikhaylovich Shakhray, chairman of the Committee on Legislation of the RSFSR Supreme Soviet, to comment on it.

[Shakhray] I want to say that I support the active continuation of the federal process and the conclusion of the Union treaty, but the draft Union treaty is unacceptable in its present form. It is unacceptable for two main reasons. First and foremost, the draft Union treaty has been designed in such a way that it provides a legal basis for the disintegration of the Russian Federation. To back up my argument, I will cite four specific articles.

Article 1, which regulates membership in the Union of Soviet Socialist Republics, stipulates that both Russia, as a whole, and each of its republics will join the Union on equal terms, with identical rights and identical obligations. You might think this to be a very good and democratic slogan. The problem is that you cannot join another republic, be part of that republic, and at the same time have the same rights and obligations as that republic. Life does not happen that way. In other words, part of an entity is itself becoming an entity, bypassing the Russian Federation in the process. The same article defines the right to secede from the Union. If you interpret it literally, it means that the republics within the RSFSR have the right to secede from the Union, bypassing the RSFSR.

[Zbronzhko] Bypassing the RSFSR.

[Shakhray] Article 2, which regulates citizenship questions, makes it possible for citizens of republics within the RSFSR to cease being citizens of the Russian Federation as well. What sort of state will Russia be if it does not have any citizens?

Article 3 deals with another fundamental question—territory. In a quite inconspicuous way, this article introduces the principle of interstate frontiers between the republics of the RSFSR and the Russian Federation itself. Up to now these republics have had internal borders with krays and oblasts belonging to the Russian Federation. Now these borders are being turned into interstate borders.

Article 11 of the draft treaty introduces the principle that the laws of republics within the Russian Federation take priority over the laws of Russia. This can be taken to mean that the laws of the Russian Federation will cease to be valid on the territory of these republics.

There are at least four reasons, four clauses, which make the Russian Federation nonexistent as a state. In this form the draft Union treaty is unacceptable to the Russian Federation. A solution to these articles must be found.

A solution exists. The fact that the Russian Federation is a complex state, that its structure as a federation of national states is a complex one, should be recognized. Therefore, the concept of a complex component of the Union of Soviet Socialist Republics should be adopted. This means that without its republics, Russia is not a component of the Union of Soviet Socialist Republics, equally, the republics within the RSFSR do not belong to the Union of Soviet Socialist Republics without Russia. If we allow the principle that these republics can join the Union, bypassing Russia, the principle of equal delegation of rights and obligations, there will be nothing left for these republics to delegate to a united Russian Federation. They have already delegated their powers to the Union and there is nothing left for them to divide up within the Russian Federation, to delegate to the Russian Federation, nothing which unites them within the RSFSR. If this were not the case, they would be subject to double taxation, which is also unacceptable, of course.

So, this group of articles in the draft Union treaty is, in my view, very important. What they boil down to is a legal basis for the disintegration of the Russian Federation. We are not talking about legal hair-splitting here. We are not talking about individual approaches to ways of running a system of national states.

The problem is that the Union treaty has been chosen as an instrument of political struggle. This is a terrible thing. In other words, the history of the Russian state is being sacrificed to the ephemeral interests of the political struggle, the interests of this political struggle, [word indistinct] between one personality and another.

Let me illustrate my argument. At the Union level, the Union parliament and the Union president constitute one sort of political regime. In the Russian Federation, the political situation is different. We have a democratic parliament and a president who has been elected for the first time in a nationwide election. We are pursuing radical economic reform in agriculture and industry, with recognition of private ownership of the land and private ownership in the economy. In other words, this is basically a different system of political and economic relations. But inside Russia, at the level of krays and oblasts, the same regime exists as at the center. This is where the cream of the party nomenklatura, the party guard, prevails. The same political regime holds sway in virtually all other Union republics. Basically, Russia is one of the states making up this strange Union; but, at the same time, it is the only one of these states that has a different political system or, to be more precise, a more democratic system. In this respect, if the Union treaty is worded in such a way that it weakens or destroys the Russian Federation, it serves to unite the old political forces and ensure their victory. This is the motivation; this is the spring. It is out of the picture, but it should always be borne in mind. Quite imperceptibly we may find ourselves with a president of the Russian Federation democratically elected by the people but no state for him to lead. It is exactly the same as a general without an army.

[Zbronzhko] In other words, the draft is unacceptable. Are there any other reasons why Russia should not sign it?

[Shakhray] I was speaking about a group of reasons which specifically concern the Russian Federation. You and I are speaking as deputies of this republic. But there are other clauses in the draft Union treaty which, in my view, are completely unacceptable; above all, the demarcation of power. To be brief, there are some issues that are to be delegated by the republics to the center. These can be described as the exclusive powers of the Union. There is an area of joint jurisdiction between the Union and the republics. A few things are left exclusively in the jurisdiction of the republics. A glance at the draft treaty is enough to show that the exclusive powers of the Union are exercised by Union bodies. Who exercises the joint powers? Again, it is the Union bodies. with such an approach to the division of responsibilities, the center's diktat is guaranteed. What is more, the center has drawn the appropriate conclusion from the entire situation that came before. It has prescribed powers in a way that ensures that it can formalize its diktat in a legal way.

To continue: The draft says that the Union treaty is the basis for the constitution; no more, no less. We will be repeating the experience of 1922, when we signed the Union treaty, a good Union treaty on the whole, but subsequently destroyed when the center's supreme body of party and state power adopted constitutional amendments. The sovereignty of the republics was forgotten and scorned. Now we are being offered the same scenario again: You sign the Union treaty—we will then pass constitutional amendments that eliminate these stipulations.

[Zbronzhko] I think this also explains why Sergey Mikhaylovich Shakhray delivered such a forceful speech in the Soviet of Nationalities during the report by Ramazan Abdulatipov, the chairman of the chamber. That must be the main reason.

[Shakhray] Yes. I sincerely respect the human qualities of the chairman of the Soviet of Nationalities and admire the integrity of his political views, but I do not believe that the head of the Soviet of Nationalities, one of the chambers of the RSFSR Supreme Soviet, could support—and he was one of the authors of this treaty at the preparatory stage—I do not believe that he could support a text that basically destroys Russia's multinational state. That is the main reason I spoke so forcefully at the meeting of the Soviet of Nationalities.

[Zbronzhko] Now I have another question. As we know, with the introduction of the presidency, Boris Nikolayevich will be vested with the full powers of this office on, I think, 10 July, when our president is sworn in. The president is sworn in and he assumes office. That happens first. But the Constitutional Court, the body that acts as the main check on this leader, the supreme agent of executive power, remains in the background, in second place. What kind of situation is this? Please explain what the logic is.

[Shakhray] In my view, this is absolutely a question of principle. We changed the structure of the state set-up by introducing the institution of a president elected by the people. One has parliament and one has the president. There is no third force. There is no constitutional court that could monitor, defend, and guarantee our society from arbitrariness on the part of the president and be a referee in a conflict between parliament and the president. That conflict is inevitable. It would be a good thing if this conflict were of a civilized form and in the form of a parliamentary struggle against the executive power. That is how it should be, but there is no mechanism that will remove this conflict.

The situation is quite paradoxical. When at the first congresses the Communists of Russia group very actively opposed the introduction of the institution of an RSFSR president, the main argument was that one could not allow a situation where there were no restraints and counterbalances. Let us create a constitutional court, it was said, and then we will create a president. When we fulfilled all the conditions and created a constitutional court act, a law on a par with world standards and greeted with a very warm response by professionals abroad, such a progressive system having been proposed practically nowhere else, the same group of deputies and the same political structure have now been expressing opposition to the creation of a constitutional court for the sole reason that it fears the appearance of a new guaratneor of democratic transformations. If its membership does not suit them, it means it is a bad body.

The president of the Russian Federation, regardless of who he is and however good he might be as a person, has an objective interest in the nonexistence of a constitutional court for as long as possible, because without it no one can rescind his decrees. It is paradoxical that the Supreme Soviet, the parliament, has deprived itself of the right to abrogate presidential decrees that are in violation of laws adopted by parliament.

Indeed, the agenda for the congress is usually proposed quite differently. First, the constitutional court is formed and the president takes an oath to his people and swears on the Constitution. He is sworn in in this way by the chairman of the constitutional court. The president swears to observe and defend the constitutional setup. When the president is sworn in, at the start it automatically means that the Supreme Soviet remains without a chairman; consequently, there cannot be a constitutional court, because only the new chairman of the Supreme Soviet is able to name candidates. In other words, the process of forming restraints and counterbalances is protracted. This is inadmissible.

[Zbronzhko] The situation is, I would even say, one of stalemate, is it not? What is the way out then? What, in general, do you see as the way out of this situation?

[Shakhray] Well, there still is a way out. The agenda that was approved by the Supreme Soviet is not the final word at all, because the congress will begin by approving its agenda. I consider that the congress should return to this problem and start by forming a constitutional court. Moreover, in forming a constitutional court we need to return to the situation in the constitutional court act, which was torpedoed at the last sitting of the Supreme Soviet.

The constitutional court must be given back the powers that uphold the citizen's right to appeal to the court, to the constitutional court, for the defense of his constitutional rights. At the moment citizens are deprived of this right. This was also an amendment forced through by the Communists of Russia group, with the active support of the law enforcement organs, of their leadership. At the congress, if we succeed in doing this, we will spend one or two days, the first two days, forming the constitutional court. God knows we need guarantees of democracy badly enough to make it worth our while spending one or two days on this. The president will then swear a solemn oath before the people and the organizational issue will be settled. You and I will then have an opportunity, the very next day, to start forming a strong executive authority, to form its structures and establish a mechanism that will ensure that the laws adopted by the Russian parliament will start working. In the autumn it will be possible to complete the transformation of local bodies of pwoer and adminstration.

[Zbronzhko] Sergey Mikhaylovich, my last question. Once Boris Nikolayevich has been sworn in, the position of chairman of the RSFSR Supreme Soviet will be vacant. I believe that many candidates are going to be nominated for this post. Do you have any thoughts on this? Will you put yourself forward as a candidate for this job?

[Shakhray] If my group of deputies asks me to, I will not refuse, especially as I gained a great deal of experience in the campaign for the post of deputy chairman. I will use it to mold my own program, my own vision of how the parliament should work. Even if I am not elected, this will be useful. But I am an optimist.

Foreign Economic Activity Discussed

PM2806134791 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jun 91 p 7

[Article by Yu. Piskulov, doctor of economic sciences and member of the RSFSR Higher Economic Council: "Russia's Place in the World Economy"]

[Text] Creating conditions for Russia's return to the world market system—this was the task set by B. Yeltsin in his report at the Third Congress of RSFSR [Russian Soviet Federated Socialist Republic] People's Deputies.

I shall begin by citing a few "telling" figures. Russia, which creates 57 percent of the Union's GNP (this is only in terms of internal Union prices, which are not comparable with world prices), provides 81 percent of Soviet exports and accounts for 70 percent of imports, though it still has no control over either of these. Just as, incidentally, it has no control over the hard currency it earns.

Our per capita foreign trade turnover is approximately 10 times lower than in Western European countries, for which exports are the most important stimulus to and source of economic growth.

However, the March (improved) version of the Union treaty does not clearly define the republics' foreign economic sovereignty. It talks either about the competence of the Union to conduct this activity within the limits of its powers or of "joint" competence to establish the basic principles of foreign economic activity, use the gold reserve and diamond and hard currency funds, and conclude international loan agreements. Here "the republics have the right to their share of the funds in question." It is well known in whose interests these rights have been exercised until now.

The final version of the Union treaty should avoid vague "joint" competence or reduce it to a minimum, clearly indicate the center's power, and leave the rest to the republics to make them really sovereign entities. That is, it should do what is done in the civilized world.

In order to emerge from the crisis that exists in this sphere as well it is necessary to clearly define the principles and mechanisms of the foreign economic sovereignty of Russia and the other republics. The basis of this mechanism is the priority of the "main subject" of economic activity—the enterprise and the entrepreneur, whose mutual relations with the state should be regulated through a taxation system that is simple on the one hand and efficient and stable on the other. Russian enterprises already have the Law on Enterprise. There is a need for other laws that are compatible with each other and with international economic law, really work for the entrepreneur, and guarantee his profitable activity in his own interests and those of society as a whole.

The group of academics and economists from the Hoover Institute and Stanford University in the United States that worked with the RSFSR Higher Economic Council on an expert appraisal of the economic reform plans advises that "foreign capital investment should not be frightened off," high tax rates and "preferential taxation" should be avoided, but that tax breaks should be given for the development of enterprise, and that not just "market freedoms but also market discipline" should be ensured.

In order to give material expression to sovereignty on the basis of institutions of ownership, including private ownership, it is necessary to ensure the implementation of rights to hard currency and to commodity exports and the procedure for issuing licenses. This will require the expert assessment and maybe review of foreign economic agreements concluded by the Union Government regarding the basic commodities that make up real sovereignty: oil, gas, other energy sources, wood, precious and other metals; and the review of the procedure for the formation of hard currency funds.

The mechanism for ensuring Russia's foreign economic autonomy is envisioned as being composed of the following basic points.

These are, first, the speediest transfer (possibly within the framework of a Union-republic foreign currency committee) of gold and hard currency holdings [avuary] corresponding to the RSFSR's contribution to the Union's export activity.

Second, the presidential decree on the compulsory sale to the state of 40 percent of the hard currency that an enterprise earns must be abolished. It is time to replace levies of this sort with normal taxation. Practical experience shows that levies of this sort not only remove an enterprise's incentive to engage in foreign economic activity, but also double the time it takes for investment projects involving foreign participation to recoup their costs.

Third, a new export-import licensing procedure is needed: The granting of licenses, particularly for export, should be reduced to a minimum and should be replaced by normal customs duties, which will also make it possible to swell the state treasury. The republics should have the right to issue "Union licenses" for goods according to their contribution to exports. The center's attempts to reserve the right to issue licenses for "just 10-15 commodities"—which, incidentally, constitute the lion's share, at around 90 percent, of all Union exports—contradict the Union treaty. A single (all-Union) energy or other policy consists not in ensuring that the center "reserves" designated commodities for itself but rather in ensuring that it competently helps the owner-republics in the management of these commodities.

Fourth, a law on customs tariffs and a customs code should be adopted, which will help to impose order in price formation and prices and to bring them closer to international levels. In turn, price reform will make it possible to switch to a single foreign exchange rate and to freely sell hard currency to enterprises in exchange for rubles.

Fifth, the practice of state loans must be stopped, since these only worsen the country's balance of payments and lead to a continuation of unlawful requisitioning, and we should switch to a legislatively enshrined program for attracting the foreign investment that enterprises receive. We must create a climate of investment in line with the international one, with the possibility of forming enterprises that are partly or wholly owned by foreigners, with long-term leasing of fixed capital, natural resources, and land, and with guarantees against political and economic risks.

Nor should we forget state help for enterprises' export activity, particularly that of small and medium-sized enterprises, which are the most flexible of the entrepreneurial structures. For this purpose we must set up state and semistate funds to guarantee against risks, to guarantee credits, and to provide information and cadres, including with foreign participation. In addition we must exempt export commodities from some internal taxes, introduce a system of conditionally duty-free imports and refund of duties where there is cooperation with foreign partners, and reserve for small enterprises a certain proportion of export-import licenses.

With this sort of support, world experience shows that small and medium-sized enterprises are able to rapidly develop export production. The establishment and spread of these sorts of enterprises ("pilot projects"), including those based on "unfinished construction projects," will make it possible to rapidly assimilate advanced technology and produce output with the help of a foreign partner.

Russia's export policy is mainly geared toward the export of finished products. And initially toward semifinished products as a temporary solution. This is in cases where it is possible to improve the raw materials currently being exported and to receive for this the hard currency needed to organize comprehensive processing (of timber, oil slurry, and metals).

When availing ourselves of foreign assistance (the relevant articles exist in a number of Union agreements, for example with the FRG), we must develop farming with a full technological cycle—from production to the consumer—and also the joint production of foodstuffs and consumer goods.

Their profit should preferably remain in Russia and the rubles they earn should be reinvested. Enterprises working on the food program and other priorities should be completely exempt from taxes.

The implementation of a comprehensive program for Russia's foreign economic activity presupposes close coordination between the work of the RSFSR Supreme Soviet and the RSFSR Government. At the present time, however, we can see disunity in their organs' sovereignty, and sometimes ambition and lack of professionalism. It is time to put a stop to this in order to ensure for Russia a proper place in the world economy through foreign economic diplomacy. At the same time we must inventory the activity of the many intergovernmental commissions, missions, embassies, and trade delegations that are establishing their own contacts with foreign partners in the old way.

Russia should become a member of the international governmental and nongovernmental economic organizations that make up the civilized world community as quickly as possible.

Social Democrats Reject New All-Union Party

OW0107132991 Moscow INTERFAX in English 1530 GMT 29 Jun 91

[Transmitted via KYODO]

[Text] The Social-Democratic Party of the Russian Federation has begun today, June 29, in Moscow a plenary session of its central committee. The main question under discussion is a chance to set up a new united political party.

The session has been addressed by the leader of Russia's Democratic Party Nikolay Travkin who called on it to support the initiative by some leaders of Russia's democratic movement to create a new all-union political party.

The session rejected the proposal by a majority vote. The delegates spoke of their party's participation in such structures as unacceptable.

In an interview with IF [INTERFAX] Aleksander Obolenskiy said that "the Social-Democratic Party should not enter a new organisation to lose its own structure".

Meanwhile, as INTERFAX has been reporting, a working meeting to discuss a new democratic movement is to be held in Moscow later today.

To the best of IF knowledge, the meeting will open at 18:00. At first it had been planned in the building of Moscow city council, but later, it transpired, the venue was changed to the country bungalow of one of the participants. The meeting will be held behind closed doors, with no journalists invited.

Russian Republican Party Ends Second Congress

LD3006201591 Moscow TASS International Service in Russian 1340 GMT 30 Jun 91

[By TASS correspondent Igor Agabekov]

[Text] Moscow, 30 Jun (TASS)—Should a United Democratic Party of the Soviet Union be set up, the Republican Party will work out an attitude to it depending on the nature, composition, and political line of this party. This was how members of the Republican Party of the Russian Federation (RPRF), whose second congress ended here today, expressed their attitude to the appeal by Moscow Mayor Gavriil Popov, speaking at the congress on the forum's first day, to join in building a United Democratic Party. According to his plan, all the main democratic forces of Russia and the Union should join the new party.

The Republican Party believes, as the resolution adopted by the congress notes, that setting up a new political structure should be coordinated with the "Democratic Russia" movement, and with the leading democratic parties and movements of both Russia and other republics. It is willing to back this initiative, and join in its implementation, if an interrepublican confederation of political parties of the republics or a broad interrepublican democratic movement is set up.

During discussion of the issue of the party's nature, certain differences emerged. Some of its leaders believe that the RPRF should be a pragmatic party not guided by any set ideological attitudes, while others adhere to the view that the party should be defined as liberal.

Nikolay Travkin, chairman of the Democratic Party of Russia (DPR), also spoke at the congress, touching on the differences in positions of the DPR and RPRF on the matter of the future of the Union. Leaders of the Republican Party believe that the preservation of the USSR is a specific policy matter to be resolved depending on the interests of the republics which make it up, while Nikolay Travkin believes that the Union should be preserved at all costs.

The congress was preceded by a lengthy debate on the possibility of uniting with the Social Democratic Party. The majority of participants in the final sitting of the RPRF coordinating council agreed that such unification would be inexpedient in the immediate future.

The RPRF was set up in November 1990 by a group of former CPSU members, who previously belonged to the so-called Democratic Platform within that party.

News Conference Held

LD3006202791 Moscow TASS International Service in Russian 1505 GMT 30 Jun 91

[By TASS correspondent Igor Agabekov]

[Text] Moscow, 30 Jun (TASS)—The congress of the Republican Party of the Russian Federation [RPRF], which completed its work here today, adopted a general political resolution expressing support for the idea of private enterprise in the Soviet Union. This was announced at a news conference that took place after the ending of the congress.

The RPRF also considers that the signing of the treaty on the union of sovereign states is possible under conditions where the sovereignty and integrity of the Russian Federation are ensured, where the central bodies of power are formed by the republics, and where industrial enterprises on the territory of the Russian Soviet Federated Socialist Republic are transferred to the jurisdiction of Russia.

In the party's view, the electoral system should be reformed on the basis of the nomination of candidates being predominantly along party lines; of the majority and proportional election systems being combined; of the number of deputies being substantially reduced; and of the introduction of professional status for deputies from town to Russian and Union level—it was noted at the news conference.

"The Republican Party, which considered and continues to consider itself to be an integral part of the 'Democratic Russia' movement, is seriously worried by the situation that is arising in this movement, especially in its leadership," it was stressed at the news conference. In this connection, the RPRF proposed that the second congress of the movement be convened as soon as possible—in September of this year—at which a radical reorganization of elective bodies will be carried out.

A group of congress delegates, disagreeing with the opinion of the majority, announced the setting up of a "united interregional organization" holding a "social-liberal stance of center-left orientation."

The image of a bear was chosen as the official symbol of the RPRF.

Moscow Executive Power Launches Economic Program

PM2806113091 Moscow IZVESTIYA in Russian 26 Jun 91 Union Edition p 2

[V. Belikov report: "Moscow's Mayor's Office Gets Down to Work"]

[Text] On 25 June, two weeks after the election of the capital's mayor and vice mayor, Moscow's new executive power has approved a concrete four-month program of urgent measures to tackle the city's problems.

The time that has passed since election day was devoted to forming the new organs and structures of municipal power, as stipulated in the RSFSR [Russian Soviet Federated Socialist Republic] Supreme Soviet Presidium decision. Mayor G. Popov has issued a package of directives (they are issued on special forms showing the city's ancient emblem—St. George killing the dragon) making provision for the creation of the Moscow government as the successor to the rights and duties of the Moscow Gorispolkom [City Soviet Executive Committee]. It will be headed by a premier appointed by the mayor.

This has already happened—Vice Mayor Yu. Luzhkov has become premier. He now has to submit for approval by the mayor the members of government and leaders of various complexes of city administration and services. The city government will also carry out its work through prefects heading the administrative organs of the 10 new administrative-territorial units into which Moscow's territory will be divided.

A city duma [council] is also being formed, headed by the mayor of Moscow, to coordinate the activity of the executive power with Union and republic organs and formulate the city administration's policy on fundamental questions of Moscow's life. The representative organ of sociopolitical movements active on the city's territory will be the city assembly.

The mayor's day-to-day activity is backed up by a department headed by General Director Ye. Savostyanov. An administration of affairs has also been created, headed by V. Shakhnovskiy.

At the 25 June session Yu. Luzhkov delivered a detailed report. He stressed that it is now particularly important not to lose control over the administration of the city's entire, multifaceted life, and at the same time resolutely to set about resolving pressing tasks: to organize reliable supplies of fruit and vegetables to Muscovites, to prepare the city for winter without delay or procrastination, and to effect a real transition to market relations in the sphere of trade and public catering.

Much attention will be devoted to ensuring the social protection of the Moscow population in connection with the increased cost of living. Incidentally, the mayor's first directive was a directive granting the right to free travel on urban passenger transport to all Muscovite pensioners from 1 July this year.

Summing up the results of the examination of the proposed program, Mayor G. Popov noted the importance first and foremost of strengthening performance discipline and of the recognition by all workers in city services and organizations of a simple and uncompromising truth—if any one of them fails to begin to work in the new way in the near future, another, more capable and energetic specialist will be summoned to take his place.

Russian Residents Express Unemployment Fear

LD3006070191

[Editorial Report] Moscow Russian Television Network in Russian at 2000 GMT on 29 June, in its "Vesti" newscast, carries a two-minute item captioned: "Vox Populi, a service of Professor Grushin." The program's presenter, Flyarkovskiy, introduces the results of the latest opinion poll. The poll asked residents of Russia the question: Do you personally consider it probable that you may become unemployed during the next one or two years? The results are shown on screen in the form of bar charts. The first of these splits a positive answer into proportions for town and country: 28 percent of town residents answered yes, as opposed to 21 percent of the rural population. A second chart gives another, more detailed, breakdown of the yes answers by region: 35 percent in the Volga region, 34 percent in the Northern Caucasus, 32 percent in Moscow, 31 percent in the in the northwest, 23 percent in the Far East, and 22 percent in Siberia. Flyarkovskiy states that the overall figure expressing fear of unemployment in Russia is 27 percent. He attempts to reassure people by citing the frequently given figure of 5.5 million unemployed in Russia during the first year. He calculates that this represents an unemployment rate of 5 to 7 percent, significantly less than the proportion who fear unemployment.

Western Republics

Ukraine Adopts Economic Stability Measures

LD2806234391 Moscow TASS in English 2138 GMT 28 Jun 91

[By Aleksey Petrunya]

[Text] Kiev June 28 UKRINFORM-TASS—The Ukrainian Government's programme of extraordinary measures to stabilise the republic's economy and overcome its crisis was adopted by the session of the Ukrainian parliament today. Ukrainian Prime Minister Vitold Fokin delivered a report on the programme.

He noted that the anti-crisis programme is planned for 18 to 24 months. The economic stabilisation should be initial state. Then transfer to market relations will be made through programmes of privatisation, destatisation.

The anti-crisis programme envisages measures to stimulate the production of consumer goods. They include exempting from taxation enterprises of the medical industry and enterprises of the food industry manufacturing baby foods. Contributions to budget by light industry enterprises will be lowered.

In addition to incentives, the programme envisages stringent measures which can be classed with those applied by the command system, but which are necessary at the moment. It is envisaged to fine enterprises for sharply decreasing the output of products ordered by the state. The fines will amount up to 50 per cent of the value of products which should have been turned out to meet the state order.

The anti-crisis programme envisages social protection. The prime minister said a package of bills is introduced for the purpose. Special banknotes should be issued to counteract negative phenomena and protect the republic's consumer market. At the same time, there should be a mechanism to protect poorer sections of the population against price increases, Fokin said.

He noted that many provision of the Ukrainian gavernment's anti- crisis programme run counter to the Union anti-crisis programme, some laws of the USSR, decrees of the USSR Cabinet of Ministers and some provisions of the republican laws. He asked the Ukrainian parliament to suspend the operation of these laws and decrees on the Ukrainian territory for the period of the operation of the programme to enable the republican government to implement its ideas.

Ukrainian Foes of Treaty Try To Delay Debate

PM3006190191 Moscow PRAVDA in Russian 26 Jun 91 First Edition p 2

[Report by correspondents M. Odinets and I. Tikhomirov: "Whose Will Is Higher?"]

[Text] Kiev, 25 Jun—Today, before the start of the parliamentary week, a heated debate over the question of the day for discussing the draft Union Treaty developed at the Ukrainian SSR [Soviet Socialist Republic] Supreme Soviet session.

The previous day the presidium had allocated Friday for this, and there was a suggestion from the hall to bring forward the debate on the draft. But then Ukrainian SSR People's Deputy Dmitro Pavlychko declared that the document should not be discussed without a scientific, academic expert appraisal, and there were calls to postpone the question of the treaty until the fall session.

Why, you might wonder, did certain parliamentarians attach such significance to a purely procedural question? But for them it is not at all procedural, and they expressed their attitude to the Union very definitely last Sunday at rallies outside the republic stadium and elsewhere under the slogans "No to the Union Treaty!" Ukrainian SSR People's Deputies I. Drach, D. Pavlychko, L. Lukyanenko, I. Yukhnovskiy, and V. Yavorivskiy, who took an active part in the rallies, in turn maintained that the Novo-Ogarevo draft is a yoke around the neck of the Ukraine and that its signing will deprive it of autonomy and independence.

Not even the torrential rain dampened the ardor of the supporters of an academic expert appraisal of the draft treaty, who use this only as a clumsy cover for their true intentions.

Some speakers even went to the lengths of demanding a general strike if the Supreme Soviet failed to perform their will, and in order to make parliament a little more compliant the rally participants called for all possible pressure to be exerted on the Ukrainian SSR Supreme Soviet. However, quite recently in a referendum the people of the Ukraine advocated by a majority of votes—70.5 percent—preserving the USSR as a renewed federation of equal sovereign states. More than four-fifths of the republic's population agreed that the Ukraine must be part of the Union of Soviet Sovereign States on the basis of its Declaration of State Sovereignty. Thus, Drach, Pavlychko, and others like them are ignoring the people's decision. For not only in the heat of rally passions but also in a calm atmosphere, as was the case in a television broadcast yesterday, I. Yukhnovskiy, leader of the parliamentary opposition, and L. Lukyanenko, chairman of the Ukrainian Republican Party, have categorically rejected the draft Union Treaty. Is the will of the people binding on their elected representatives, or do the latter place it below their own aims?

The session decided to hold a discussion of the draft Union Treaty Thursday 27 June.

Ukrainian Sovereignty Issues Viewed

PM0107110891 Moscow IZVESTIYA in Russian 28 Jun 91 Union Edition p 3

[Article by Nikolay Andreyev: "Ukraine: Two Views of Sovereignty"]

[Text] In Kiev, as, incidentally, in any other city in the country where turbulent political life is in progress, the Soyuzpechat [Main Administration for the Distribution of Printed Matter] kiosks are packed full of publications of every possible hue, reflecting the opinions of social movements and parties. The newspapers, journals, and information sheets are diverse in content and political preferences, but they are united in one thing: their search for an answer to these questions—"Who is to blame?" and "What is to be done?" This is typical of our times.

Recently, however, the subject of the research into "who is to blame" has narrowed to the habitual conclusion: The center is to blame. The center is to blame for everything, from the suppression of the unique, original character of Ukrainian culture to the Chernobyl disaster. I am not about to align myself with these opinions, still less to try to refute them. The newspapers and journals published in Moscow are already suspected of anti-Ukrainian feelings in any case. Let us simply record it as a fact: In Kiev, the center is under suspicion.

In fact, this makes it easier to answer the second question: What is to be done? Have nothing to do with the center, of course. In recent days the debates on this topic in the Ukrainian parliament have been very tense. The discussion was mainly about three things—the Union Treaty, the Ukrainian Constitution, and the institution of a presidential form of government in the republic. The last point is more or less clear: There is to be a president of the Ukraine, who will be elected by the whole people. And the number one candidate for the presidency is the present Ukrainian Supreme Soviet chairman, Leonid Kravchuk. According to unconfirmed reports, the Ukrainian Communist Party intends to nominate Boris Oleynik as presidential candidate.

In recent weeks the main point on which Ukrainian political passions have been focused has been the concept of the republic Constitution. Many words have been expended and passions inflamed over the socialist choice. Communists insisted that it should be enshrined in the constitution, adducing the familiar arguments about the people's commitment to socialist values. The opposition, in the form of Rukh [Ukrainian People's Movement], objected, pointing out that these values are graphically represented in the empty stores, and so future generations should not be condemned to a similar existence. Passions have now subsided, and by the end of this year the Ukraine will most likely have its new Fundamental Law. And the "socialist choice" is postponed to better times.

And, last, the Union Treaty. The most difficult aspect of the Ukraine's political life today. The positions of the Communist Party and Rukh on this point are clear: They are at opposite poles. The Communists uphold the formula: "We are for a free, sovereign Ukraine, but within the Union." The justification: the results of the 17 March referendum, when just over 70 percent of the republic's population said "yes" to a renewed Union. The Rukh movement has an unequivocal attitude to the Union Treaty: No! I attended a rally of Rukh supporters which took place in torrential rain. The arguments adduced against entering the Union did not appear lightweight or insubstantial.

Why, speakers asked, should we join a Union in which chaos and anarchy prevail and where the central government acts arbitrarily? In the opinion of others, the Ukraine, as a UN member, is not entitled to deprive itself of autonomy in the international arena. Chernobyl was mentioned repeatedly. The blame for this disaster is, I repeat, pinned wholly on the center. Moreover the firm conviction is expressed that the billions that were and are still being allocated to eliminating the consequences of the disaster are not reaching the Ukraine. The following view was also expressed: A union of sovereign states is being created, but how can you talk about a sovereign state on Ukrainian territory when it lacks such clear characteristics of statehood as an autonomous foreign policy, its own monetary unit, its own army, and secure borders? The conclusion is: Once we have all these things, then we can think about joining some kind of Union, not necessarily a Soviet one.

Well, perestroyka roused national self-awareness in all the republics, including the Ukraine. The deteriorating economic situation prompts public opinion to take the view that by rejecting the center's diktat it will be possible to escape from the crisis. In these conditions the status of a republic, which even in former times could be regarded as an independent state (remember the constitutional principle "up to and including secession"—although everyone realized that this was purely formal, and not binding), has acquired particular significance. Pinning its faith on the status of sovereignty, Rukh is fighting not merely for greater autonomy, but for total independence in all spheres.

Kiev is not the whole of the Ukraine. The Ukraine is very diverse in its political and ideological orientation. One thing can be noted: The further west you go, the more radical the views, until you reach anticommunism in the three Galician oblasts. Here a strong position is enjoyed by Ukrainian democratic nationalism, which is based on three points: total sovereignty for the republic, paramountcy of human rights, and anticommunism. In the three oblasts, party committees have been abolished, educational establishments have been departyized, and privatization is in full swing. Some 80 percent of the population here are against the Union. As V. Chornovil, chairman of Lvov Oblast Soviet Executive Committee, says: "The tragedy is that we are one step ahead of the rest of the Ukraine." Chornovil is an advocate of radical, though not extreme, actions. But there are plenty of advocates of extremes here. The unveiling of a monument to the SS "Galichina" division in Lvov Oblast prompted a wide reaction in the Ukraine. At the unveiling ceremony M. Glubysh, chairman of Drogobych City Soviet, delivered a shocking speech. A sample of his rhetoric: "The times when rebel bullets mowed down the Bolshevik scum are not far behind. If necessary, they will mow them down again! There will be no mercy for you here!"

The eastern part of the republic is also uneasy. The miners' demands for the departyization of economic organs are well known.

Another question is becoming increasingly significant: Who owns what in the Ukraine? There is a growing conviction that everything on the republic's territory belongs to its people and nobody else. That is, ownership by the whole union is not recognized. Clearly this will become another line of tension.

How will events develop in the Ukraine? The republic Supreme Soviet session ends in a few days' time, and the deputies are hardly likely to have finished discussing the proposed Union Treaty. Naturally, the Communist faction, which makes up two-thirds of the body of deputies, will come out in favor. And the deputies representing Rukh against. Nonetheless, this question is likely to be carried over to the next session, which begins in the fall. Before then a great many events will take place that will affect the distribution of forces. Moreover the Supreme Soviet must take the following fact into account: Last fall, under pressure from the student hunger strikes, parliament adopted a resolution not to sign the Union Treaty until after the adoption of a republic constitution. If the Supreme Soviet goes against its own resolution, a deterioration in the political situation can be expected. Leonid Kravchuk, chairman of the Ukrainian Supreme Soviet, is in a difficult position today. He is hardly going to make up his mind to sign the Union Treaty unless he has parliament's approval.

So the Ukraine is at a crossroads. For a long time political life in this republic was put in the shade by events in Russia, the Baltic, and Transcaucasia. But all the indications are that it will soon move into the foreground. It is a key republic. We have often heard it said that there can be no Union without Russia. What about without the Ukraine?

Ukraine's Kravchuk Favors Decentralized Union

91UN1963A Moscow TRUD in Russian 26 Jun 91 pp 1, 2

[Interview with L. Kravchuk, chairman of the Ukrainian Supreme Soviet, by TRUD correspondent S. Prokopchuk in Kiev; date not given: "L. Kravchuk: Defend the Vital Interests of the People"]

[Prokopchuk] At the first meeting of the preparatory committee for work on the draft Union treaty you, Leonid Makarovich, spoke five times, it is said. Were the participants in the last two meetings more constructive and more compliant?

[Kravchuk] Virtually no final documents were prepared before the first meeting, there were only proposals and versions, including two versions of proposals by the president on powers. This meeting was a kind of smoothing out of positions and approaches to conceptual questions. We did not put our signatures to anything, and there were no final agreements on the draft.

Every article was born in torment. After all the treaty, I will emphasize this, the treaty is being prepared by the republics, and the republics make up the Union, and not by the USSR Supreme Soviet or some republic. That is why the responsibility of all of the members of the preparatory committee for the final, fateful document is so great. But only afterward, in the second stage, can the USSR Supreme Soviet agree or not with our draft treaty. This is its right. But in any case the last word will be up to the Supreme Soviets and the people of the republics that form the new Union.

[Prokopchuk] Will this not once again be an ideologized and not a legal treaty document? Will it be possible in it to rise above party principle and populism?

[Kravchuk] We came to the conclusion by an overwhelming majority that the treaty should have no ideological slant, and that this is a state document. The committee removed ideological questions from the prepared draft, and it proposed to call the future Union of sovereign states the Union of Soviet Sovereign Republics (SSSR).

[Prokopchuk] In your opinion, who from the center should sign the treaty?

[Kravchuk] One official—the president of the country. And then primarily only with a single purpose: First and foremost, to ensure continuity of the international obligations of today's Union. Representatives of those structures that should disappear or be reorganized do not have the right to sign the new treaty.

[Prokopchuk] What range of joint powers of the republic (sovereign states) do you intend to delegate to the center?

[Kravchuk] First of all we will determine just what is meant by joint powers, whose joint powers these are, and who the parties are. In forming the Union, the republics should first determine the spheres of their own joint jurisdiction. These can be defense, the economy, outer space, ecology, transportation, etc. Then, naturally, in each of these spheres of joint powers they can establish which powers and to what extent they delegate to the Union. These, then, will be joint powers of the republic within the Union structure. Moreover, it is desirable that such powers be delegated to one Union organ, for example, the Supreme Soviet. It organizes their execution, and also control and oversight over this execution.

All other sovereign rights of the republics that are not delegated to the Union in the form of powers remain with the republics. There can be joint powers of several states (republics) that are in the Union. For example, the joint powers of the Ukraine with Russia, Kazakhstan, and Kyrgyzstan. But there can be no joint powers of the republics with the Union. We can ask ourselves: On the basis of what legislation can the powers be implemented? After all, there is the legislation of the Union, and there is the legislation of the states that comprise it. There is no legislation, for example, that would be applied jointly by the USSR Supreme Soviet and the Ukrainian Supreme Soviet. But since there is none, there also will be no mechanism for its implementation. Or will action be according to the principle: Who will gain the upper hand? In addition, the Union organs will have their own interests, conditioned by the delegation of powers, and the republics will have their own. They can be interwoven, but they will not always coincide.

[Prokopchuk] Can you give an example?

[Kravchuk] Of course. I was at Zaporozhstal recently. This enterprise is now in a very difficult position, just like all metallurgy in the Ukraine. Low wages, and a weak social base. Right now there is a shortage of more than 1,500 persons. Of 270 million rubles profit, the combine gives the state 220 million rubles annually in the form of all kinds of taxes. Within three years, when the period of mass retirement takes place, there will be practically nobody to work here. Tell me, who will answer for this situation at Zaporozhstal, and for the collapse of the metallurgical industry in the republic?

Today we took it under the jurisdiction of the Ukraine, and we will be responsible for what happens in this industry. It is no good for the labor collective of the enterprise itself to be of a split mind, looking with hope and at times with alarm both to the Union organs and the republic organs for a resolution of many questions—and to the local authorities. The result of such a situation is well known... We inherited a very sad legacy.

There is one more negative side to the joint powers of the Union and the republics. Its essence is that a "war" of laws is inevitable in such a situation. What part of legislation and in what scope will it be applied in the implementation of a given type of authority, and by whom? The logic of management itself, under conditions of integrated processes, stipulates the advisability of a distinct distribution of the types and volume of powers between their participants. Thus, the people of sovereign states who join the Union must see clearly the powers of the organization that they have created anew, and that the rest are their own in full measure and not in some kind of "halfway" form.

[Prokopchuk] But what will happen with foreign debts? Who will take care of them, how, and in what proportion?

[Kravchuk] That is a sore subject... For what did we basically take credits? For the purchase of grain, meat, and butter. That is, for something of which, figuratively speaking, not one gram came to the Ukraine. On the contrary, the Ukraine even exported its own. That is the way the debts grew. But we are told today: Assume a fifth or a fourth part of them. We answer—God forbid: We did not use the products on whose purchase billions of dollars were spent, and which were not allocated to the republic. If they went for equipment, and we have it, then there is no question. But, after all, they took it and "consumed" all of it outside the borders of the Ukraine, and the Ukraine has to pay for it? Here we are fighting, and our Cabinet of Ministers is taking a position of principle. We will stand firm. The basis of our position is realism.

[Prokopchuk] Were you able to defend all of the conceptual positions based on the Declaration on the State Sovereignty of the Ukraine at the meetings of the preparatory committee?

[Kravchuk] You see, here the points of view and opinions on the very concept of a Union were divided. It is written in the draft treaty that the Union of Soviet Sovereign Republics is a sovereign federation of democratic states that implements state authority within the scope of powers that the treaty participants allotted to it. That is, the question is about a pure federation, and about a state. We have a different point of view. The new configuration is a state union. It should function within the scope of only those powers that will be delegated to it by the republics. Clearly—from and to. Then there will be no basis for Union interference in the affairs of the sovereign states, and vice versa. I suppose that both the elements of a federation and the elements of a confederation, considering the peculiarities of the transition period, can constitute the basis of such a state union. This then will be a genuine Union of sovereign states. Moreover, the Ukraine must itself begin to form itself as a sovereign state and legally define the aggregate of its own sovereign rights and only afterward delegate powers to the Union under specific spheres of joint management of the republic.

The interest and the need for this are great. Processes of integration are going on in the whole world today. An example of this is the creation of the Community of European States with open borders. Therefore, we also must strive for a unification of efforts in the interests of the people of the Ukraine, and of all the peoples who form the new Union. At the same time, we intend to integrate not only in this Union but in the structure of the European Community as well.

The center takes a rather tough position on this question: The Union that is formed must be a pure federation. That is, in comparison with the current Union virtually little in the new one changes fundamentally. Somewhat more rights, somewhat more opportunities, and more or less a specific demarcation of functions and powers. But the republics, as previously, will have to travel to Moscow, to call up, in order to get something or defend something. Why should I, or someone else who takes this chair—higher officials of executive authority—have to appeal somewhere else and defend that which belongs to us by right of ownership?

[Prokopchuk] And, really, why?

[Kravchuk] Well, because someone really does not want to give up his authority. It can be said figuratively that if we concede some of our rights to the center, sovereign rights, then our contractor should also concede partly, but then it is not his, but the power we delegate to him. There cannot be one-way traffic. We are for a just Union, one that is mutually advantageous to the states that form it. A Union that is built without taking the vital interests of the people into account will not exist.

My reasoning on this question should not sow any doubts with respect to whether or not I want the Union. I am for the Union. But I fear something else. If we sign a treaty which, as previously, is one-sided, infringing on the sovereign rights of the peoples of the republics, then nothing in the near term will change for the better (which is promised so hastily) through deception, deception of the hopes of the people, and deception at the highest level. We must not allow the concept of truly sovereign republics- sovereign states to be replaced by various kinds of manipulations of these words. By that which is called social demagogy. For then there really will be a breakdown. A complete breakdown.

[Prokopchuk] Has the center recognized the declaration on the sovereignty of the republics that form the Union, in particular, their right to property?

[Kravchuk] They acknowledge it formally... It is stated in the draft treaty, for example, that everything that is on the territory of the republic—the land, its minerals, water, and other natural resources—is the property of the republic, and the property of the people who live on its territory. But, in addition to the natural resources, there are, for example, the main means of production, there are finances, and there is the housing fund. The draft treaty does not say anything at all about them. But if you are going to talk at all in the treaty about the property of the republic then something must be said about all of its installations, in order, subsequently, to avoid any alternative versions. That is why, without waiting for a final version of the draft treaty, the Ukrainian Supreme Soviet decided to transfer state enterprises and organizations of Union subordination located on its territory to the jurisdiction of the republic. Before this, we did the same with the coal and metallurgical industry.

Our fears with respect to state property installations on the territory of the Ukraine are not groundless. Now, the Union ministries and departments, reorganizing into various kinds of joint-stock companies and the like, are striving no matter what to take over the lion's share of the stock. To put it bluntly, they are engaged in robbery in broad daylight. For example, a certain cooperative in Odessa, with the blessing of the Ministry of the Maritime Fleet, sold several ships to foreigners in the form of scrap metal. This is at a time when the Black Sea steamship line is already bankrupt today, having borrowed about a billion rubles, inasmuch as the same Ministry of the Maritime Fleet gives it neither the right nor the opportunity to earn money at its own discretion. Where else in the world can you still find a country where its fleet carries cargo free of charge?! The Black Sea line has been placed in precisely such a framework.

Or how do you evaluate the actions of the USSR Ministry of Finance, which arbitrarily removed 63 billion rubles, that is, almost half of the so-called "free rubles" that were on the books of enterprises, to cover all-Union internal debt? That is why we are now developing a new credit policy and intend to conduct the right to property of the republic on credit resources, why we are radically changing the financial relations with Union organs, and why we are proposing to establish a monopoly of the people of the Ukraine over the gold deposits on its territory.

[Prokopchuk] Briefly, will there be Ukrainian "bickering" and a "karbovanets" [Ukrainian for ruble]?

[Kravchuk] In the first place, it is not necessary to dramatize or complicate such intentions. There are a lot of cases in history in which parallel moneys are in circulation. Second, if we are conducting a policy whose essence is that the republics should become sovereign states, then naturally we must regulate our own internal processes ourselves. Including the establishment of financial security measures—our sovereign right. No kind of ration cards or coupons will change things for the better. These are only half measures, and, moreover, temporary. Only our own currency at appropriate exchange rates can radically change the situation.

However, the existence of our own currency, our own national bank, and our own assets and credit resources does not mean that we are against the Union. On the contrary, this will only help to create a just Union and to be truly a sovereign state within it.

[Prokopchuk] You somehow compared what is going on in our society now with the repair and reconstruction of our general housing. Will this work end soon, in your opinion, and what "building materials" are we lacking to accomplish it quickly?

[Kravchuk] One must always be honest, and always tell the people the truth. But many are trying today to suggest an illusory dogma to people: As soon as the new Union treaty is signed, barely a month or so later life will become better and all of our current problems will be eliminated almost automatically. But of what worth is the assertion that as soon as we come out from under the guardianship and diktat of the center, our end will come right there and then? This is simply groundless. The issue lies elsewhere. Is it necessary, and is it reasonable, when the entire world is integrating, for us to completely withdraw from former economic structures and to repudiate established ties and fence each other off with a big fence? But of course it is not reasonable! Because then there really would be a breakup. It is far more important to think about ways, methods, and forms of strengthening and perfecting our ties along all lines. But is it mandatory to do everything through the center? Or let there also be searches between collectives and between republics? Moreover, they resolve such problems under mutually profitable conditions and conditions of the market.

The question arises: How, after many years of massive deformations of the economy, psychology, and ideology, does one create in the renewed Union an atmosphere of openness, trust, and mutual respect, and consolidation of the objective economic laws of development without voluntarism and administrative pressure or violation of the people's right to a better life? But then today, as before, some people are attempting to implement the perestroyka of our home without changing anything in it, leaving as before the number of managerial chairs and a foundation itself that is similar to a "layer cake." Because it is made out of an arbitrary administrative mix, without considering the basic interests of all of the people who populate our country. But any idea, as is well known, always disgraced itself when it lost touch with these interests. You tell the people the truth, disclose everything to them, and only then ask what they want. It is necessary to switch to another plane of action and thinking, and not to deceive people, not to deceive...

[Prokopchuk] Now directly about the situation in the Supreme Soviet of the republic. Will it be possible to restrain the destructive opposition of variously charged political and social movements, including regarding the future Ukrainian constitution and the Union treaty, in order to move constructively to a civilized agreement on positions and the development of a general line?

[Kravchuk] At times, it works out somehow. Not always, and not in everything, but it works out. The effort is coordinated. All of the deputies agree more on the fact that there is a nation, there is a Ukraine, and that their fundamental interests have to be defended. Regardless of the party you belong to. There are many parties, but only one Ukraine. It must not be divided into spheres of influence between the parties. When I say to you that profound questions are being resolved that concern millions of people, the unification of various deputy groups becomes apparent.

[Prokopchuk] How do you assess the actions of the "239" group in the Ukrainian parliament? Does it not seem to you that it is fundamentally blurred, and that it persistently defends those principles of economic management and control that have led the country to a dead end? After all, the communists are the children of that system which for decades defended an ideologized and not a market economy...

[Kravchuk] This group practically is no longer in the parliament. In essence it liquidated itself. But it established a majority in the parliament, and it determined its leadership and its leader in the form of A. Morozov. That is, it is functioning in a new capacity. This majority, just like its opposition, does not have homogeneous structures, and not all of them are united on some questions. Indeed, this cannot be. Each deputy has his own point of view, and his own vision of one or another problem. The predominant segment of the deputies that are part of the parliamentary majority hold a constructive position. They constitute, I would say, the basic segment of parliament.

[Prokopchuk] But who is in the "superstructure?" Who, more precisely, is in the opposition?

[Kravchuk] The representatives of the cultural-educational and scientific sections of society. They principally also constitute the opposition in the Supreme Soviet. In resolving questions that concern the interests of all the people of the Ukraine as a rule a unification occurs, a merging of their positions. Therefore, pertinent legislative acts pass without any particular arguments and clashes. There are, of course, extreme forces here and there as well. They also periodically close ranks. This became especially obvious in the discussion of the autonomy of the Crimea. The question is critical and political, and I endured a great deal, but fortunately I was able to avoid a confrontation.

[Prokopchuk] Does not your membership in the Politburo of the Ukrainian Communist Party Central Committee fetter your actions as chairman of the Supreme Soviet of the republic?

[Kravchuk] No. I have absolute freedom of action. I expressed myself on this score definitively and unequivocally: The chairman of the Supreme Soviet reflects the interests of the people regardless, if it can be put this way, of its demarcation into party groups. There are parties, and there are the people. If all members of the parties are united, and we have 16 of them today, there will barely be 4 million persons. But the population of the Ukraine is 53 million, including 37 million voters. That is, the Supreme Soviet and I, as its chairman, must adopt legislative acts whose content will respond to the interests of all of the people and that serve it and not only the members of one or another party.

The state cannot divide people into parties, and it cannot proceed on the basis of the ideology of one party. Its task is to subordinate itself and to serve the interests of all the people. That is why for me as a communist only those decisions of the Politburo and the plenums that concern national aspirations and expectations and that will help eliminate problems that face tens of millions of people are obligatory. For example, such decisions as the decision of congress on the situation associated with the accident at the Chernobyl AES [nuclear electric power station], privatization and de-state-ization, and the switch to market relations. How can they not be supported?

The state, the government, and the Supreme Soviet are obligated to serve the entire nation, and not a certain party.

[Prokopchuk] Leonid Makarovich, will the crystal mace that was presented to you by the mayor of Lvov remain a museum relic, or will it soon become the warder of presidential authority in the Ukraine?

[Kravchuk] The fact is that I treat this with good irony, understanding that there are searches for forms of supreme state authority and that the mace is like a symbol and a desire of the people to elect a president themselves. By all of the people—by direct, secret ballot.

[Prokopchuk] But when are the elections contemplated?

[Kravchuk] The other day the Supreme Soviet decided that the elections for president will be held as soon as this year.

Caucasus

Azerbaijan Supreme Soviet Appeal to End Violence

NC0107193591 Baku Radio Baku Network in Azeri 1700 GMT 28 Jun 91

["Appeal to Soviet President Mikhail Gorbachev and the USSR Supreme Soviet" adopted by the Republic of Azerbaijan Supreme Soviet in Baku on 28 June]

[Text] The Azerbaijan Republic Supreme Soviet wishes to draw the attention of the Soviet president and the USSR Supreme Soviet to the renewed escalation of violent actions by Armenian bandit groups in the Nagorno-Karabakh Autonomous Oblast [NKAO] region. Three women and three men died as a result of a criminal attack by armed Armenians on the town of Karadagly in Martuninskiy Rayon on the night of 27-28 June, and three of their bodies were set on fire. Another woman was hospitalized with serious burns and two more people were wounded by bullets. All the casualties were Azerbaijanis.

The Armenian extremists' new act of terrorism has outraged Azerbaijan's people's deputies and its entire population. The Azerbaijani people's patience has been exhausted. The suspension of the measures to eliminate armed bandit groups in the NKAO has led to renewed bloodshed and casualties. We ask that you take effective measures to disarm the armed bandit groups sent from Armenia and remove them from the NKAO region. We are certain that our just demands will be heard and that the leaders of the country will take all measures necessary to stabilize the situation in the region.

Azerbaijan Supreme Soviet Decision on Incident

NC0107200691 Baku Radio Baku Network in Azeri 1700 GMT 28 Jun 91

[Text] Six Azerbaijanis, three women and three men, have died as a result of a criminal attack by armed Armenians on the Martuninskiy Rayon town of Karadagly in the Nagorno-Karabakh Autonomous Oblast [NKAO] on the night of 27-28 June. Two other people were wounded. In deep grief, the Azerbaijan Supreme Soviet has conveyed its condolences to the families of those who died as a result of the bandits' treacherous attack and expressed its outrage over the tragedy.

The Azerbaijan Supreme Soviet has also adopted the following decision in connenction with this violent incident, which resulted in the loss of innocent life: In light of the renewed attacks on Azerbaijani towns in the NKAO and the killing and wounding of innocent people, the Azerbaijan Ministry of Internal Affairs, the Committee for State Security, the republic's procurator general, and the NKAO Organization Committee are instructed to eliminate from the NKAO region the armed bandit groups sent from Armenia and to enforce the measures taken in implementation of the USSR president's decree on disbanding armed groups and confiscating illegal weapons.

Officials See Faults on All Sides in NKAO

PM0107140391 Moscow PRAVDA in Russian 26 Jun 91 Second Edition p 3

[Interview with I. Shilov, USSR first deputy minister of internal affairs; A. Vasilyev, USSR first deputy general prosecutor; and V. Vorotnikov, chief of the USSR KGB Directorate for the Defense of the Soviet Constitutional Order, by Correspondent G. Ovcharenko; date and place not stated: "Back to Square One—Postface to the May Events on the Azerbaijan-Armenian Border"]

[Text] For several years now, national—indeed, world—attention has been fixed on the Azerbaijan-Armenia conflict which erupted over Nagorno-Karabakh. These events reached a tragic climax in May when yet again there was bloodshed on the border of these two republics. And as always in such cases, rumors spread, belittling the dignity of both nations and casting insult and slander on the Soviet Army and the internal troops.

So what actually happened on the Azerbaijan-Armenia border? It is with this question—which is being asked by many readers—that PRAVDA's correspondent opened his conversation with the responsible officials: I. Shilov, USSR first deputy interior minister; A. Vasilyev, USSR first deputy general prosecutor; and V. Vorotnikov, chief of the USSR KGB Directorate for the Defense of Soviet Constitutional Order, all of whom have recently returned from the scene of the events.

[I. Shilov] I will begin with the alarming statistics: Since February 1988, when the well-known events in and around Nagorno-Karabakh began, 816 people have been killed and over 5,000 wounded as a result of the interethnic feuding. In fact, nothing short of interethnic warfare has been underway in recent months, and I will note that there have been 123 deaths and 675 casualties among the internal affairs organs personnel and servicemen called in to curtail unlawful activities, who have been caught in the crossfire...

[Ovcharenko] These are truly disturbing figures...

[Shilov] Now, in this critical situation, the Azerbaijan leadership has actually turned to the USSR Interior Ministry with a request for help in conducting an operation on the republic's territory to fulfill the well-known USSR presidential decree on disarming illegal formations and confiscating illegal weapons stockpiles.

[Ovcharenko] Is it possible yet to talk about the results of the operation and draw some kind of conclusion?

[Shilov] Yes, but very generally. During the operation, which was most vigorous in the period from 30 April through 17 May, 240 separate firearms were confiscated, including 115 assault rifles, pistols, blasting charges, mines, and antiaircraft gun mounts. Some 413 individuals were arrested by administrative order, and criminal proceedings were instigated against 64 of them. As a result calm has been restored on the border of the two republics and in the Nagorno-Karabakh Autonomous Oblast [NKAO].

[Ovcharenko] A number of media organs reported that operations to disarm the guerrillas had in fact been punitive actions against the peaceful Armenian population and that the law was violated. Can you confirm or deny these reports?

[Vasilyev] You know, our colleagues were given strict orders: to record all statements, complaints, and appeals regarding illegal activities regardless of their origin, and to investigate them thoroughly. Indeed, to this end an investigatory group from the USSR Prosecutor's Office was also dispatched to the region. However, over the entire period there were only two complaints: One concerned a murder, the other a rape. These claims were checked—they were not confirmed.

[Shilov] There has been much talk in particular about excesses and pillaging by Azerbaijan OMON [Special-Purpose Military Detachment] servicemen. I can testify that, yes, OMON servicemen were involved in the disarmament operation, but most of them were kept in reserve or stationed on the border. It was the internal troops who operated directly in the populated areas, and they were backed up by colleagues from the Azerbaijan Interior Ministry organs. Nevertheless on each count they are there—either maltreating the population or smashing up furniture—and an official investigation is underway.

[Vasilyev] The newspapers reported that people were detained without trial and on no legal grounds. And it is possible that there were isolated cases of this during the massive operation. But we thoroughly investigated the case of every arrested party and released the innocent after establishing their identity. In addition I can say that, of the 413 people arrested, over 100 are on the wanted list for committing crimes of one sort or another.

[Ovcharenko] The law also stipulates that the Azerbaijan Prosecutor's Office must hold a direct inquiry. But many readers are doubtful: Can the republic prosecutor's office be objective in this?

[Vasilyev] We are supervising the course of the investigation, and so far there is no reason to distrust our Azerbaijani counterparts.

But as we are on the subject, it would seem to be useful for criminal cases arising from the tragic events on the Azerbaijan-Armenia border to be investigated jointly by the two republic prosecutor's offices in collaboration with the Union Prosecutor's Office. The Azerbaijan side has no objection to this, but the Armenian prosecutor is not reciprocating the gesture.

[Ovcharenko] Now let's turn to events near the village of Voskepar, which is on Armenian territory. Here, units from the Soviet Army detained a group of Armenian militiamen and for some reason handed them over to the Azerbaijan Prosecutor's Office...

[Vasilyev] Criminal proceedings have been instituted on these events, and things are not as simple as they may seem at first glance. You know, before the militiamen were arrested in Voskepar village there was a bloody incident with another group of Armenian militiamen who had been sent to that village. Preliminary information indicates that it is this group and not the military who started the shooting. Furthermore, those who were arrested in this case were in possession not just of authorized weapons but homemade ones too—grenades, mines... And another thing: the law recognizes no territorial borders when investigating criminals...

[Ovcharenko] And when investigating the crime?

[Vasilyev] Here the principle of territoriality comes into play. But there are crimes like this one which begin on the territory of one republic and end in the other. Armenian fighters are stationed in their republic but they operate on Azerbaijani territory. So, in my view, there was no violation of the law in this instance. However, the investigation and the courts will have the final say.

[Ovcharenko] The question of the internal troops and Azerbaijan militia's forcibly ousting the Armenian population from villages located on that republic's territory cannot be passed over in silence. There are many eyewitness statements, including their speeches on Armenian television, so this is no flight of fancy.

[Shilov] These two weighty packages contain handwritten statements by Armenian people requesting that our colleagues resettle them in other republics. The people are tired of war but they are caught between the devil and the deep blue sea. I categorically confirm that we did not forcibly resettle anybody. As for the eyewitnesses who spoke on Armenian television, I think they were simply forced to do that—they are afraid. In the same way, incidentally, as the guerrillas intimidated the Armenian population wanting to leave Azerbaijan of their own free will.

[Vasilyev] I subscribe to what Ivan Fedorovich [Shilov] said, and by way of confirmation I will quote an excerpt from a survey of inhabitants of the village of Chaykend:

"...In the light of the increasingly difficult interethnic relations the inhabitants of the nearby villages of Kamo and Azat have gone away, but the inhabitants of our village have said that they do not want to leave as it will be difficult to settle in another place. However, the situation is gradually deteriorating: Young guys going by the name of 'fedayeen' started coming to our village, even flying in from Yerevan by helicopter. There were around 50 of them. They were all armed with various weapons. They told us that Chaykend was Armenian land and therefore we would not be going anywhere; we were to fight the Azerbaijanis. They would not let us leave, despite the fact that the local population wanted to...

"A vast quantity of weapons were brought from Yerevan in the helicopter. Generally the guerrillas lived in vacant apartments or hid in the forest. I knew that they had killed five Azerbaijani militia personnel and the chairman of the Gyursaly Sovkhoz [state farm], also an Azerbaijani... On several occasions, Soriy Balayan flew in from Yerevan to address the inhabitants of the village, and each time he said that we must stand firm, wait a while, and everything would be all right."

[Ovcharenko] Valeriy Pavlovich [Vorotnikov], now a question for you: Which aspects of the interethnic conflict in the Transcaucasus are attracting KGB attention, and in particular the attention of the Directorate for the Defense of the Soviet Constitutional Order which you head?

[Vorotnikov] There are several such elements. First, these tragic events have pretty widespread repercussions and affect the interests not just of the two republics' populations. The most varied political forces at home and abroad are seeking to use the conflict for their own ends, notably to discredit our constitutional order and undermine confidence in the legislative authorities and to denigrate the measures undertaken by the state and society to stabilize the situation in the Transcaucasus.

Second, the constitution determines the territorial integrity of the state and the constituent republics. However, certain forces in the region are attempting to destroy this constitution, trying by unconstitutional means to redraw the republic borders.

The third and final point cannot be disregarded: In actual fact, terrorist groups are operating in the region.

[Ovcharenko] Violent attacks have occurred on both sides. This is proved by the fact that Armenians and Azerbaijanis have died. Likewise it has to be remembered that the Azerbaijani side has no supporting bases or combat groups permanently stationed in the neighboring republic. At the same time, it is clear that such groups are dispatched from Armenian territory into Azerbaijan territory allegedly to defend the Armenian population. Here is a statement by one of the guerrillas arrested: In his words, every Armenian village in Azerbaijan should be defended by a group from a certain region of Armenia, and the fighters take an oath to resist to the death.

[Ovcharenko] And as a result people will die...

[Vorotnikov] There is a proverb: "Even an unloaded gun fires once a year." And look at how many arms have accumulated here! Take this example: During our trip to the region a group of combat engineers cleared part of the Shusha-Lachin road of mines. They found 190 kg of ammonal—enough to blow up a fairly large truck convoy. Moreover, everything was in the combat readiness: canisters and detonators were in place, and the detonating base was in a safe place. All that remained was to join the two conductors and—boom!!

[Ovcharenko] Can it be said that terrorism is a weapon in today's political battle?

[Vorotnikov] Unfortunately, yes. Remember the murder of Colonel Blakhotin in Rostov, and the attempt on the life of Azerbaijan Communist Party Central Committee Secretary V. Polyanichko, shot at point-blank range in a car containing an Azerbaijan journalist. Indeed, the biggest danger lies in the fact that people here do not just fail to condemn terrorism; it seems that they simply close their eyes to incidents such as when a certain V. Sislyan addressed young people in Yerevan with tales of the "activities" within the terrorist organization "The Armenian Secret Army for the Liberation of Armenia."

All states around the world have joined forces in the battle against terrorism, but here such "propagandists" are allowed to operate. You have to agree that this already transgresses the bounds of acceptability.

[Ovcharenko] I agree. However, terrorism is a topic for a separate discussion. Now for another issue: A number of media organs are claiming that the center and indeed the law enforcement organs are biased toward Azerbaijan because the Communists are in power there, while in Armenia power is held by the Democrats.

[Vasilyev] The following question was heard in the NKAO: Why indeed do the Communists refuse to surrender Nagorno-Karabakh? The following answer was given: And what if the capitalists were in power in Azerbaijan—would they surrender the territory? In my opinion, to speak about the nature of a regime in this type of conflict merely distracts people from the essence of the problem—who wants to extinguish the flame of interethnic war, and who does not.

Our task as representatives of the law-enforcement organs is to achieve compliance with the law. That is why the central law-enforcement organs have responded to the Azerbaijani leadership's request for help in executing the decree by our country's president.

[Ovcharenko] Hasn't the Armenian leadership made a similar request?

[Shilov] No, as far as I know there has been no such request from Armenia.

[Ovcharenko] What is your personal opinion: Which of the sides is trying harder to settle the conflict, which has already brought the two peoples and the country as a whole so much grief?

[Shilov] What is needed here are facts, not conjecture. This is a fact: The year before last, the center proposed setting up so-called 5km security zones on the border of the two republics. A zone has been set up in Azerbaijan, but not in Armenia.

[Vorotnikov] Another fact: The Armenian Supreme Soviet's decision to unite with Nagorno-Karabakh is unconstitutional. Apart from aggravating the situation, it served no purpose.

[Ovcharenko] But there is also another fact: No constitutional organs of power have yet been reinstated in Nagorno-Karabakh.

[Vorotnikov] This is true, and unfortunately it testifies to both republics' unwillingness to show each other good will.

[Ovcharenko] There is a view that shadow economy bigwigs are maintaining the conflict over the NKAO.

[Vorotnikov] I don't think so. It is more likely that political activists—or rather political manipulators—are drawing some specific advantage from the conflict and are escalating the problem in the NKAO in a bid to win power. But I believe that the shadow economy, although it operates clandestinely, nevertheless operates effectively and in a peaceful atmosphere.

[Ovcharenko] A final question: Where is the way out of this impasse? There is no point in hoping that the internal troops will settle the matter.

[Shilov] Of course, that is impossible. Here it is not the soldiers but the republic and central political leaders who have the last say. Ultimately they will have to swallow their pride and come to the negotiating table.

[Vasilyev] Above all it seems to me that we must all return to the starting positions of February 1988, and then very gradually and without emotion resolve all the problems which have led to the current conflict.

Central Asia

Kazakh President Comments on Privatization

LD3006084291 Moscow Central Television First Program Network in Russian 1530 28 Jun 91

[From the "Vremya" newscast]

[Text] The session of the Kazakh Soviet Socialist Revolution Supreme Soviet, which has been meeting in Alma-Ata during almost the whole of June, ended its work today. [video shows session in progress, Nazarbeyev speaking at rostrum]

Deputies discussed over 50 questions in this period and adopted a good number of legislative acts. Virtually all of them are directed at creating the legal bases for the transition to the market. The most important of these is the law on removing state influence and privatization. At the end of the session there was discussion of a specific action program for the coming two years. Nursultan Nazarbayev, president of the republic, set out his thoughts on this subject clearly and precisely. The discussion of the document left no one indifferent and aroused a multitude of questions: where to start privatization, what objects should be privatized in the first place, how to use coupons, who precisely will get shares.

[Begin Nazarbajev recording] We began from the fact that there is a committee on state property operating in the repuhblic. A committee has also been set up on anti-monopoly activity. Documents have already been prepared and in the next few weeks we are going to create an independent tax inspection of Kazakhstan. There is a desire that we should have a body specially designated to combat economic crimes, because in this period it is necessary to keep an eye on everything. Therefore, our program spells out where we should start, and what forms of removing state influence and privatization there can be. These include, of course, auctions, competitions, and turning major enterprises into joint stock companies.

Our program consists of two parts. The first state is small-scale privatization; small-scale privatization is privatization of housing and privatization of shopping facilities, consumer services, and small-scale enterprises. Large-scale privatization is converting major enterprises into joint stock companies.

But even the privatization of housing immediately leads to many problems. For example, how are housing repairs to be carried out? how are consumer appliances, say, to be repaired? That is, an appartment block is privatized and it is necessary immediately to set up a cooperative society. A shop is privatized and it is necessary to privatize the wholesale depot so that the workers in these shops and consumer service enterprises should be shareholders in these wholesale depots. You immediately start to come up against many problems.

Therefore, our program says that for local soviets and for local government, the time has come for practical work. For all political movements also, the time has come for all of these movements to unite and to sart to act. The time for discussions has passed. The time has come to act according to the program. Therefore we intend to act. [end recording]

Kazakhstan's Nazarbayev on Union Treaty Issues

PM2806094991 Moscow IZVESTIYA in Russian 26 Jun 91 Union Edition p 2

[Report by Eduard Matskevich under the "Direct Line" rubric: "Draft Union Treaty Approved"]

[Text] Alma-Ata—"The draft is by and large in Kazakhstan's interests." That was the opinion which republic President N. Nazarbayev expressed about the draft Treaty on the Union of Sovereign States.

"Many problems that previously seemed insuperable are behind us," the president said during the discussion. "After the Nine plus One meeting and a number of sittings of the Federation Council and the drafting committee the document is to be finalized once and for all and signed by plenipotentiary representatives of all the republics."

One of the main results of the joint efforts made in the course of the drafting process, N. Nazarbayev reckons, was the fundamental change in the center's attitude to its political role.

N. Nazarbayev informed the session of a number of clauses of the draft that caused considerable disputes during Federation Council sittings and he suggested a new version of and additions to certain articles. In particular, those on representation in supreme organs of power, on more reliable guarantees for the republics' interests, on clear definition of their competence within the Union state, and on distribution of income. While backing the idea of a federal tax, he pressed for the payment mechanism to be regulated in the light of the level of social development and other factors.

The Kazakh SSR [Soviet Socialist Republic] Supreme Soviet session largely approved and adopted the draft of the proposed treaty and formed the republic's delegation to sign it.

Kyrgystan's Akayev Cited on Union Treaty

PM0107111191 Moscow IZVESTIYA in Russian 28 Jun 91 Union Edition p 2

[Report by Aleksandr Ryabushkin under "Direct Line" rubric: "Apologies Had To Be Offered"]

[Text] Bishkek—An extraordinary session of the Kyrgyzstan Supreme Soviet is being held in a complex political and social atmosphere.

By an overwhelming majority of votes the deputies approved the draft Treaty on the Union of Sovereign States and confirmed the authority of a republic delegation headed by the president to sign the treaty's final text.

"One of the draft treaty's main aims is to create a new, genuinely Union center—an interrepublic center if you like," President A. Akayev said. "The treaty also envisages a fundamentally new level of relations between republics. And this in turn requires the elaboration of civilized political and legal forms of interrepublic cooperation."

In this connection the president dwelled on an incident that occurred at the recent republic Communist Party Central Committee plenum. Where, with Communist Party leaders' tacit consent, crude attacks were made on RSFSR [Russian Soviet Federated Socialist Republic] President B. Yeltsin and disrespectful comments about the Russian people were voiced. The president offered his apologies to Yeltsin.

Interview With Kyrgyz President on Policies

LD3006085891

[Editorial report] Moscow Central Television First Program Network in Russian at 1545 GMT on June broadcasts a 45-minute program entitled "Straight Talking," presented by correspondent V. Vishnevskiy. Reception is good.

An unidentified announcer introduces the program by saying:

"The president of Kyrgyzstan, Askar Akayev, is described as one of the most unusual leaders in Central Asia. He belongs to the new generation of Soviet politicians on whom we are pinning our hopes for the present and future of our country. We now present a program in the series "Straight Talking," in which Askar Akayev takes part. It is called "Seven Days in the Life of the President of the Republic".

The program which follows is presented by correspondent V. Vishnevskiy. The main participant is Akayev, but others interviewed include D.B. Amanbayev, first secretary of the Kyrgyzstan Communist Party Central Committee, and T.K. Topchubeyev, former deputy head of a department of the Kirghiz Communist Party Central Committee and now chairman of the Kyrgyzstan Democratic Movement. Vishnevskiy asks the same set of questions to all three: What qualities do you think you have for the post you occupy, and have you ever made any mistakes?

Asked to name the main achievement of his eight months as president, Akayev singles out his decree on shepherds. His uncle was a shepherd, he says. Later we see Akayev opening a color television plant for the GoldStar firm of South Korea. Speaking to Vishnevskiy, Akayev says:

"I think this is extremely beneficial to the republic. Our republic's economy is based on raw materials. Our main activity is the supply of raw materials to the external market, both in the Soviet Union and the outside world. Our ties, our cooperation with the GoldStar firm go back only eight months, no more than a year, but already you can see the serious intentions of this firm. Today we are attending this important event. We are already witnessing the first output, and this is a guarantee of the future prospects for our cooperation".

Speaking at the opening ceremony Akayev says:

"We have prepared a very original law on foreign investment. It will be the most liberal one in our country and the constituent Union republics. We have decided to take a risk. We hope that our parliament will support the bill. Today, comrades, I have to say I am convinced that without a major inflow of capital investment, without an inflow of foreign investment, we ourselves will be unable to accomplish anything. We want to analyze all the problems, all the needs, all the aspirations which exist today. We must quietly start solving them, together with you".

After interviews with a factory director and a collective farm chairman, who speak about the need for good laws and profitability, Akayev is asked about his reputation as an intellectual and accusations that he is too soft. Akayev says:

"There is of course an area in which compromise is possible. We now have pluralism of views and actions in our country. This is the direction democratic processes are taking. This is all allowed. Naturally we have to have a certain latitude for compromise. Indeed, on every question I allow this latitude. On some questions it is quite broad. On other questions we can only allow a very narrow corridor. I always leave this latitude for compromise. But no more than that. Where questions of principle are concerned, I really do take a firm stand. Take, for instance, the current question of the land code. At the last session of the Supreme Soviet, I tabled a land code which really is intended to revolutionize relations, land relations in our republic and, at long last, give peasants their freedom and make them the masters of the land on which they labor. I made sure that this law had no ideological or political connotations".

[Vishnevskiy] "And you did not encroach on anybody's interests?"

[Akayev] "I did not encroach on anybody's interests. Unfortunately, however, certain forces in parliament read a political significance into this law and inserted an article which insists that the land is considered to belong to a single, indigenous people. When I became president, I formulated a number of principles, and the most important one of these was the priority of human rights over ethnic rights. I formulated a number of other principles intended to ensure that all citizens of Kyrgyzstan, irrespective of ethnic or social origin, enjoyed identical rights, felt equally at home on our soil, and felt confident of their future and the future of their children. Therefore, I naturally insist on my princiled position, taking advantage of my right of veto. I have now tabled a protest at this wording for discussion at the summer session of the republic's Supreme Soviet. I am proposing that the parliamentary deputies adopt a wording which, as you correctly note, does not encroach on anybody's rights. I think that is how it should be".

Kyrgyz Soviet Approves Draft Union Treaty

LD2706222291 Moscow TASS International Service in Russian 1048 GMT 26 Jun 91

[Text] Bishkek, 26 June. (TASS)—TASS correspondent Boris Maynayev: The parliament of the Republic of Kyrgyzstan approved the draft union treaty at its session today. Having adopted it by a majority, deputies decided to pass on all observations to the commission representing Kyrgyzstan at the talks in Moscow.

President of Kyrgyzstan Askar Akayev, who spoke at the session, offered a public apology to Russian President Boris Yeltsin for the disrespect voiced in his direction during the plenum of the Central Committee of the Communist Party of Kyrgyzstan held in June.

Kyrgyz Soviet Passes Economic Laws

LD2706174191 Bishkek Radio Bishkek Network in Kyrgyz 1300 GMT 27 Jun 91

[Excerpts] At the fifth session of the republic's Supreme Soviet:

The first two laws of a whole package of draft laws tabled for examination by parliament by the president of the republic as specific steps to a new economic policy were passed by the session of the Supreme Soviet at the evening session on 26 June. They are the law on joint-stock firms and a law on foreign investments in the Republic of Kyrgyzstan. Before the discussion started on them Akayev, president of the republic took the floor. He set out the arguments in favor of moving over to the new economic policy in our republic. [passage omitted]

Today the deputies examined the matter of the state of the economy of the republic—from the report of Republican President Askar Akayev, and ways of stabilizing it, and also draft laws on the state bank, on banks and banking activities in the Republic of Kyrgyzstan, and other questions.

Tajik President on Draft Union Treaty Debate

LD2906092391 Moscow Central Television Vostok Program and Orbita Networks in Russian 1530 GMT 27 Jun 91

[Video interview with K. Makhkamov, president of the Tajik Soviet Socialist Republic, by television correspondent M. Nikulin in Dushanbe on 27 June; from the "Vremya" newscast—recorded]

[Text] The sixth session of the Tajik Soviet Socialist Republic Supreme Soviet is continuing its work in Dushanbe.

[Nikulin] Late yesterday evening the Tajik Parliament ended the debates on one of the main points on the session's agenda—the draft treaty on the union of sovereign states. Taking into account the proposals and observations made during the discussion, the draft was approved as a whole. [Video shows session in progress]

What articles in the draft treaty aroused the greatest reaction among the deputies?

[Makhkamov] Well, it must be said that the whole draft treaty was stormily discussed, since it really is a document of historical importance. The deputies paid particular attention to the article concerning the coordination of issues of foreign policy and foreign economic activities of the Union and the union republics. The deputies do not object to the fact that foreign policy must be concentrated in the center and that the republics' participation is necessary, but as regards foreign economic links, the deputies consider that there is no need for coordination here, since this is purely economic work, and here the republics must be independent on this issue. I consider that it is on the whole correct to put the question thus.

The second question around which there were strong debates concerned the third article. The first and third paragraphs correspond to all the demands concerning interrepublican borders, and I think that the deputies have put the question absolutely correctly by saying that the second paragraph should be omitted from here.

The other issues raised also play a role to a certain degree, but I think that during the final discussion in the union bodies we will clarify these matters. [Video shows Makhkamov speaking to Nikulin]

[Nikulin] The session has confirmed a delegation of republican plenipotentiary representatives, headed by the Tajik president, to sign the treaty. [Video shows further shots of the session]